Austria	Sch[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bahrain	Din0.700	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	BFr55	[illegible]	[illegible]	[illegible]	[illegible]
Cyprus	C£0.90	Jordan	[illegible]	[illegible]	[illegible]
Denmark	DKr12.00	Korea	[illegible]	[illegible]	[illegible]
Egypt	E£3.25	Kuwait	[illegible]	[illegible]	QR9.50
Finland	FM8.50	Lebanon	L£850.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.80	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr150	Morocco	MDh8.50	Switz	SFr2.50
Hungary	Ft107	Neth	Fl 3.25	Thailand	Bht50
Iceland	IKr160	Nigeria	Naira12	Tunisia	Din0.800
India	Rs15	Norway	NKr12.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1	UAE	Dh7.00

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World News

Swiss ruling may speed return of Marcos funds

The Philippines moved closer towards recovering more than $500m placed in Swiss bank accounts by the late president Ferdinand Marcos thanks to a ruling by the Swiss supreme court. Page 10

Albanian impasse

Albania's rulers appear determined to remain in power despite warnings from the fledgling opposition that economic crisis is leading people to the "brink of starvation". Page 10

Expulsions stayed

The Israeli Supreme Court temporarily barred the expulsion of four Palestinians suspected to be leaders of the Moslem fundamentalist movement Hamas in the occupied territories.

Hardliners win

The long-delayed meeting of China's Communist party central committee appears to have ended in victory for orthodox hardliners. Page 4

Pardons defended

President Carlos Menem of Argentina defended planned pardons for former military rulers jailed for crimes committed in the 1970s "dirty war" despite a barrage of criticism. Page 3

Belgrade crisis talks

Yugoslavia's leaders conferred in Belgrade in a bid to solve economic and political crises threatening a breakup of the Balkan state.

Minister charged

Toshiyuki Inamura, the former Japanese minister embroiled in a stockmarket scandal, was indicted on charges of tax evasion. Page 4

Gun law defied

Californians own an estimated 300,000 military-style semi-automatic weapons but few are obeying a new state law to register firearms.

Smuggling curbs

Hong Kong is trying to crack down on smuggling between the colony and China. Several smuggling-related incidents in recent months have soured relations. Page 4

Indian PM survives

India's seven-week-old government headed by prime minister Chandra Shekhar survived a parliamentary censure motion on Hindu-Moslem violence by 171 votes to 120.

Algerians protest

Tens of thousands of Algerians marched in protest at political and religious intolerance and rapid Arabisation, symbolised by a new law forbidding foreign languages. Page 4

Murder case bail

A South African magistrate granted bail to seven white youths arrested in connection with the murder of a homeless mixed race couple who were doused with petrol and burnt.

Short-lived truce

A security checkpoint in Northern Ireland was attacked only 20 minutes after an Irish Republican Army Christmas truce came to an end. Nobody was hurt.

Turkey bans strike

The Turkish government, alarmed at a rash of pay strikes, warned workers that a mass one-day walkout planned for January 3 would be illegal.

Ten lost from barge

Ten people were missing after a barge foundered in icy waters off southern Finland. A search for survivors began.

Make noise quietly

Noisy weddings in Pakistan's North West Frontier province are one thing but police say bridegrooms will be jailed in future if guests fire guns.

Business Summary

Fire disrupts trading on NY stock exchanges

A fire in an electrical transformer near Wall Street delayed the opening of trading on the New York Stock Exchange (NYSE) and the American Stock Exchange.

A NYSE spokesman said the fire disrupted areas of the Securities Industry Automation Corp (SIAC), which services the New York and American stock exchanges. Page 10

MARKETS: Wall Street: Despite the delay, the Dow Jones Industrial Average was 4.95 higher at 2,642.08 by mid-session. Tokyo: The Nikkei index closed up 53.14 at 23,940.70. In Frankfurt the DAX index dropped to 1,410.87 while the FAZ index fell 3.00 to 610.65. World Stock Markets, Back Page, Section II

TWA, the US airline, appears to be approaching a stand-off in its negotiations with Pan Am, the indebted carrier and prospective TWA takeover target. Page 11, Lex Page 10

NORWAY'S Norsk Hydro has put its 12 per cent stake in Calgary-based Ranger Oil up for sale, raising the prospect of a contest for control of one of Canada's few remaining independent energy producers. Page 11

LLOYD'S of London, UK insurance market, is likely to increase capacity to £11.41bn ($22bn) in 1991, a rise of £400m compared with 1990. Page 11, Lex page 10

POLISH deputy trade minister Dariusz Ledworowski said Poland's trade with other members of Comecon – excluding the Soviet Union – could halve in 1991, as a result of the switch to hard currency pricing. Page 2

COMMUNICATION companies from New Zealand, Australia, the US and Japan are to share the construction of two optical fibre telecommunication cables, worth $1bn each. Page 4

CZECHOSLOVAKIA has decided to establish a single exchange rate for the crown against the dollar to facilitate internal convertibility of the currency next year. Page 2

ITOMAN, troubled Japanese trading house, has increased restructuring with the transfer of a real estate subsidiary to affiliates of Sumitomo Bank. Page 13

BRITAIN and Germany have tacitly agreed to back away from any commitment to a firm timetable for the move to European Monetary Union. Page 2

PHILIPS of the Netherlands has granted NEC of Japan a licence to manufacture and market semiconductors for use in consumer electronics products. Page 13

JAPAN'S Fair Trade Commission (FTC) said 12 major Japanese cement makers had violated the Anti-Monopoly Act by holding meetings to discuss dividing up shares of the domestic market. Page 4

TOPDANMARK, Danish insurance and banking group, is holding talks on a strategic alliance with Wasa, the Swedish financial group, and an unnamed insurance group in the European Community. Page 13

UK faces the bleakest economic outlook of the world's seven leading industrial nations, according to Oxford Economic Forecasting, a UK research company. Page 6

GERMANY'S New Year Federal bond was launched into a subdued market as prices were fixed slightly lower. Page 13

US Congressman Lee Hamilton, chairman of the joint economic committee, said the US needs to combat recession by cutting interest rates while taking steps to boost public savings. Page 3

● Soviet Congress forces Yanayev to second ballot ● Budget wrangle with republics

Gorbachev warns of collapse

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday gave his own leadership a "last chance" to stop the disintegration of the Soviet Union and its economy as his personal nominee for vice-president was forced to face the humiliation of a second ballot for the new post.

At the same time, Mr Gorbachev warned of the likely collapse of the whole country unless it can resolve the confrontation between the central government and the union republics.

He revealed that the Russian republic, headed by his rival, Mr Boris Yeltsin, and the central government, have reached deadlock in their battle for control of the lion's share of the Soviet budget.

Mr Gorbachev's despairing words came as his vice-presidential candidate, Mr Gennady Yanayev, failed to win the support of more than half the Congress of People's Deputies, the nation's super-parliament, in the first round of voting.

The decline in the Soviet leader's own prestige and authority, and amazement at his choice of a conservative apparatchik as his deputy, combined to deny Mr Yanayev the 1,120 votes he needed.

He was 31 votes short, with 1,089 in favour and 583 against, while 117 deputies refused to vote.

Mr Gorbachev was forced to throw his political weight into the fray, insisting on a second vote for the former trade union leader, before he was elected by 1,237 votes to 563.

The drama occurred as the real battle behind the Congress – the confrontation between the union government and the republics – exploded on to the floor on the final day.

Despairing words and a warning: Mikhail Gorbachev addressing the Congress yesterday

First, Mr Valentin Pavlov, the Soviet finance minister – and the man mooted to take over as prime minister – revealed that the government and the 15 republics had failed to reach an emergency economic agreement to share tax revenues and distribute resources for the coming year.

"Russia is claiming all the incomes on its territory," he said. "We must have a transitional accord, until we have a union treaty." He warned that the country faced a "war of prices" as each republic forced up the cost of its main products, to finance its own budget spending at the expense of the rest of the country.

Then, President Gorbachev himself turned his wrath on the Russian parliament, which on Wednesday approved a budget which would provide only Rbs23.4bn to the central exchequer, or less than 10 per cent of the union spending needs. That was Rbs119bn less than the current year's transfer, he said.

"You Russians don't know what you are doing," he said. "You don't understand what a federal budget is yet. This is more than a war of laws. It will be collapse, not only of the economy, but of the country itself," President Gorbachev said.

His bitterness was clearly directed at the one man most obviously absent from the Congress, Mr Yeltsin, who ostentatiously left for a visit to the remote autonomous republic of Yakutia immediately after the Russian budget was approved.

Yet the Congress, itself dominated by Russian deputies, stopped short of passing any confrontational resolution, instead simply giving Mr Gorbachev and his Federation Council – including all the republican leaders – until January 10 to negotiate an economic agreement.

The issue of who collects taxes, and how much goes to the central budget, is absolutely central to the fight for control, which Mr Yeltsin described on Wednesday as "a war with the centre, not simply a struggle."

The Soviet leader was clearly close to the end of his tether as the Congress dragged to a close. "We have a last chance," he said. "If this leadership does not ensure a breakthrough, it should be removed from the political arena."

As for Mr Yanayev, he too gave a grim warning that, if the country rushed too fast towards a market economy, 15m unemployed would be added to the 70m people already living below the poverty line. This would create "social dynamite" which could tear the country apart.

Downturn in US durables signals lean times ahead for economy

By Michael Prowse in Washington

NEW ORDERS for US durable goods fell 10.5 per cent in November, confirming signs that the US economy is contracting sharply.

The steepness of the fall surprised financial markets, which had been expecting a decline of only about 2½ per cent. Bond prices were immediately marked higher while the dollar lost ground in early trading as dealers anticipated further softness of US interest rates.

Figures for US consumer confidence released yesterday by the Conference Board, a New York-based business forecasting group, were also weak. The Conference Board's index, based on interviews with 5,000 families, fell 0.4 in December to 61.3. This marginal decline followed a record plunge in October and leaves consumer confidence at levels last seen in the 1981-82 recession. A year ago the index stood at 113.

The gloomy figures were published as Mr Lee Hamilton, the Democratic chairman of congress's joint economic committee, released a sombre annual report on the economy. He called for lower interest rates to combat the recession and future cuts in the budget deficit to restore national saving in the medium term.

The decline in orders matched the record fall of last January and returned orders to the level of spring 1988. The fall reflected widespread industrial weakness but was led by a $10.3bn or 27 per cent decline in the volatile transport sector. This more than reversed a sharp increase in October.

Orders for aircraft and parts dropped 39 per cent following a 20.4 per cent increase the previous month. Much of the rest of the decline was concentrated in motor vehicles and parts, a sector which has seen extensive lay-offs in recent months.

Excluding transport, durable goods orders fell 3.5 per cent, following a revised 0.2 decline in October. This measure of the underlying strength of orders was considerably weaker than most analysts anticipated.

The Conference Board said the weak consumer confidence figures reflected increasing concern about employment trends as well as lack of growth in personal incomes and worries about a possible Gulf war.

Nearly 33 per cent of survey respondents agreed that "jobs are hard to get", up from 29 per cent in November.

Continued on Page 10

Nissan sacks UK importer and plans new network

By John Griffiths in London

NISSAN, Japan's second largest vehicle maker, said yesterday it is cutting its ties with Nissan UK, the privately owned company run by reclusive entrepreneur Mr Octav Botnar which has imported Nissans to the UK for the past 21 years.

The move follows a long-running, and recently highly public, row between the two companies over a number of issues, most recently over the prices Nissan UK is being charged for supplies of the Primera, Nissan's new medium car range now in production at Sunderland in the UK.

In a termination notice served by fax to Nissan UK's Sussex headquarters yesterday, the Japanese manufacturer claimed that Nissan UK had failed in a number of areas to meet the provisions of the legal agreements between the companies.

Because of this, "Nissan Motor Company believes that the basis of trust essential to a trading relationship is no longer present between the two companies".

For a manufacturer to sack an importer of such size is believed to be unprecedented in the motor industry.

Nissan UK has sold some 1.9m Nissan vehicles in the UK since it was founded by Mr Botnar in 1979. It sold 138,000 vehicles in 1989, giving Nissan around 6 per cent of the UK new car market.

However, a statement by Nissan UK rejected the termination notice as "totally invalid and without any legal foundation " and declared that it "strenuously refuted" the Japanese concern's allegations. "It is already in the hands of our lawyers" said a Nissan UK spokesman. The notice said Nissan is prepared to allow the existing arrangements between the two companies to continue until December 31 of next year.

Nissan Japan refused yesterday to discuss precisely what alternative arrangements it intends to put in place. Mr Yoshikazu Kawana, managing director for Nissan's European Operations, said Nissan was looking at "a number of choices".

There are some 400 Nissan dealers in the UK, just over 180 of which are owned by AFG Holdings, an associated company of which Mr Botnar is also chairman. The remaining dealers are independents. The latter have contracts of varying length with Nissan UK but some, at least, could be eligible to join a new Nissan network at the beginning of 1992. "Obviously we are interested in any dealer who wants to sell Nissans but we are not encouraging them to break the contract they have with NUK," Mr Toshiaki Yasuda, a Nissan spokesman, said last night.

Japan turns buyer of foreign securities

By Robert Thomson in Tokyo

JAPANESE investors were net purchasers of foreign securities in November for the first time in three months, but the outflow was far below the levels seen before the turmoil on local financial markets turned the tide of Japanese capital this year.

Balance of payments figures released yesterday by the Ministry of Finance showed net foreign bond purchases for the month of $1.76bn and net stock sales of $212m, with Japanese institutions generally preoccupied with financial problems at home or happy to take advantage of high domestic interest rates.

Japan's current-account surplus for the month narrowed sharply to $1.74bn from the $4.1bn from a year earlier, although the merchandise trade surplus rose 9.2 per cent to $4.5bn. After seasonal adjustment, the trade surplus fell 8 per cent from a month earlier to $5.4bn, and the current account surplus fell 14.5 per cent to $2.15bn.

Continued on Page 10
Editorial comment, Page 8; Caught on the horns of a dying bull market, Page 11

Divorce absolute for a ruthless cherub

IT is from an office as big as half a tennis court in the genteel English seaside town of Worthing that Mr Octav Botnar, a reclusive, gnomelike 78-year-old German-born entrepreneur, has run Nissan UK with considerable acumen – and an iron fist – since he founded it 21 years ago.

He was 'on holiday' yesterday – he has homes in London, Sussex, Switzerland and on the Costa Brava – and was said to be unaware of the terse fax from Nissan Motor Company stating that their special relationship was over.

The fax criticised aspects of Nissan UK's conduct and finished with an offer to let the existing arrangements run until December 31 next year.

The Worthing company's prompt response was to declare the notice of termination 'invalid' and call in its lawyers. But it is virtually certain that the last act has begun of a drama which has gripped the UK motor industry for the past year, and the final scene of which will be divorce absolute between Nissan Japan and the company which has provided it with 1.9m sales and by far its largest national market share in western Europe.

Octav Botnar

Yesterday's developments followed protracted disagreements between the two companies over Nissan's pricing policy for the UK market which flared into a public row during the autumn launch of the Primera, which has replaced the Bluebird on Nissan's production lines at Sunderland, Tyne and Wear, on the north-east coast.

Nissan UK accused the Japanese car maker of acting "unfairly" against the British consumer by pricing the car too highly to Nissan UK compared with prices charged to Nissan's wholly owned distributors in Germany, the Netherlands and Belgium – allegations promptly rejected by Nissan.

In reality, this row was the tip of the iceberg. Frustrated by its inability to reach

Continued on Page 10

CONTENTS

The competitive tender fight for next year's TV franchises

Richard Dunn, chief executive of Thames Television, one of the 16 independent UK television companies, is among the main critics of the government's approach to tenders for franchises. Page 9

MARKETS

STERLING
New York lunchtime:
$1.8875
London:
$1.889 (1.875)
DM2.8925 (2.885)
FFr9.8325 (9.7775)
SFr2.4675 (2.46)
Y257.75 (255.0)
£ index 93.0 (92.7)

GOLD
New York: Comex Feb
$387.6 (387.4)
London:
$382.5 (382.0)

N SEA OIL (Argus)
Brent Feb
$26.35 (26.525)

Chief price changes yesterday: Page 11

DOLLAR
New York lunchtime:
DM1.52905
FFr5.2
SFr1.3055
Y136.45
London:
DM1.531 (1.5385)
FFr5.205 (5.215)
SFr1.306 (1.3125)
Y136.4 (135.95)
$ index 62.2 (62.3)
Tokyo close: Y136.65

US Lunchtime Rates
Fed Funds 9%
3-mo Treasury Bills:
yield: 6.627%
Long Bond:
105½
yield: 8.241%

STOCK INDICES
FT-SE 100:
2,167.8 (+11.5)
FT Ordinary:
1,687.8 (+8.9)
FT-A All-Share:
1,041.26 (+0.5%)
New York lunchtime:
DJ Ind. Av.
2,642.08 (+4.95)
S&P Comp
330.9 (+0.05)
Tokyo: Nikkei
23,940.7 (+53.14)

LONDON MONEY
3-month interbank:
closing 13$\frac{13}{32}$% (13⅞)
Liffe long gilt future:
Mar 88$\frac{7}{16}$ (88⅛)

Russia's radical finance minister attacks 'sham' of market reforms

By Leyla Boulton in Moscow

MR Boris Fyodorov, the 32-year-old Russian finance minister, said yesterday he was resigning because the Russian government was no more capable of bold market reforms than the Kremlin.

"We are so inefficient, we are so incompetent in this government that it's very difficult to realise the hopes and the wishes of the people," he said in an interview. "I feel responsibility to the millions of people who think that the Russian government will achieve something different, that we will be moving in the right direction," he said.

Mr Fyodorov, finance minister of the largest Soviet republic for less than six months, said "ideological" resistance and a fear of unpopular decisions within the Russian government made a sham out of its promises to go it alone with radical market reforms of the type rejected by the Soviet government.

"Some people are trying to defend the old system the best they can," said the minister. "I personally think that it is impossible to reverse the tide of events. The question was whether we could introduce a market in one or two years or whether we will have to wait, like Poland waited from 1980 to 1990," he added.

He said he felt he was speaking a "different language" to that of the Russian prime minister, Mr Ivan Silayev, who is a technocrat from the old bureaucracy.

Mr Fyodorov is also bitter about Mr Yeltsin, the Russian president and the country's most popular politician. "It looks like he's not taking much interest in economic policy. He's thinking only about political struggle, he's speaking only in a populist way... The man who will change the things here will be brave enough to stand up against millions, what Mrs Thatcher was doing. Perhaps there will be wrong decisions but you should be tough enough to do more than argue with Mr Gorbachev."

Mr Fyodorov, the last competent and dedicated market reformer in the government, could not have resigned at a worse time for Mr Yeltsin, as he battles with the Kremlin over sharing out tax revenues for 1991. Mr Fyodorov helped draft the budget which is at the source of conflict. It cuts Russian net contributions to the central government to Rbs23.4bn (from Rbs70bn), seriously jeopardising the union's spending plans for areas such as defence.

But Mr Fyodorov sees his main achievement as putting a five per cent ceiling on Russia's budget deficit. "It seems that only the finance minister thinks about where money is coming from," he says, pointing out Russia cannot print money, unlike the Soviet government.

He added that Russia's strategy for keeping a fairer share of resources for itself was "lightweight". "We cannot say that on 31st December you pay five soldiers and on January 1 only one in five. What are the other four going to do?"

In contrast, he singled out privatisation and price reform as two key areas in which the Russian government had done nothing.

"It's difficult to divide up gold reserves, hard currency, and to take all the oil," he said, referring to the loftier goals of asserting Russia's control over its own resources.

"But why not start privatisation? What hinders you? Nothing. What hampers you to take decisions on prices? If Russia took the right step on prices then all others would follow suit. We could move the whole country in the right direction. But our government doesn't want to," said Mr Fyodorov.

He said that Russia's new budget still devoted more than 30 per cent of revenues to price subsidies. "Let us take 90 per cent of these subsidies and pay them to the people. Let the prices be free and let them have apples in the store. People will have an incentive to work."

He cited the Russian parliament's initial refusal to follow prime minister Nikolai Ryzhkov's decision last month to free the prices of non-essential consumer goods as "the best example of incompetence". He said Russia's claims that it had not been consulted had cost the government Rbs1.3bn while it delayed freeing prices – "just for the sake of some crazy deputies who were having a nervous breakdown".

Before he goes, he is taking steps to protect one of his most important practical achievements in office. He is going to sell the finance ministry's stake in a newly-created stock exchange, just to make sure his successor does not "suffocate" it.

Not surprisingly, Mr Fyodorov has equally little faith in the Kremlin.

"We will need something very different to make a leap forward," he said, predicting new people would eventually take over. He said however that for the moment, "there's no hope and it looks like President Gorbachev is also turning to the right. His indecisiveness on economic reform shows that".

What he is going to do until the tough decisions are taken? "I am looking for a job. I would like to do something realistic. You can write that a former minister and some of his friends are looking for jobs – worldwide."

Franco Piga: respected

Minister's death upsets Rome balance

By Haig Simonian in Milan

THE sudden death on Wednesday night of Mr Franco Piga, Italy's minister for state shareholdings, will force Mr Giulio Andreotti, the prime minister, to perform some unexpectedly hasty political juggling.

Although Mr Andreotti has taken over the ministry for the time being, the appointment of a successor to Mr Piga could ignite a political powder-keg, given the need to preserve the balance in the ruling five-party coalition and the acute sensitivity regarding public-sector appointments at present.

As the senior politician in charge of Italy's large state-owned industries, Mr Piga had been at the centre of a number of highly-charged political issues since taking up his post following a cabinet reshuffle in late July.

With the long-running battle for control of the Enimont public-private chemicals joint venture only recently resolved, the role of the state is likely to remain in the spotlight in 1991 as attention turns to the restructuring of Italy's largely state-owned banking system.

A former head of Consob, Italy's stockmarket and companies watchdog, Mr Piga, 63, was a respected non-parliamentarian. His training as a lawyer and mediator were tested to the full in trying to reach a negotiated settlement between the two sides in the Enimont affair.

Mr Piga suffered a heart attack while on holiday.

● Reuter adds from Rome: Umberto Tirelli, the designer, master tailor and antique clothes collector who created some of cinema's most stunning costumes, has died. He was 61.

Tirelli, who worked out of his famous shop in Rome, won an Academy Award in 1984 for his costumes in Milos Forman's film "Amadeus".

Germany joins UK in soft line on Emu timing

By David Marsh in Bonn

BRITAIN and Germany have tacitly agreed to back away from any commitment to a firm timetable for the move to European Monetary Union (Emu), in a joining of forces which seems likely to irritate the French government.

This helps explain the recent angry outburst against Germany by Mr Jacques Delors, the EC Commission president. It shifts further the balance of argument in the Community against the "fast track" to Emu that is backed by President François Mitterrand.

The common line stems from a meeting of minds between Chancellor Helmut Kohl and Mr John Major, the British prime minister, who is trying to present a more relaxed UK policy on a reunited Germany.

Mr Kohl is supporting the view of Mr Theo Waigel, the finance minister, that the EC's accord to start the so-called "stage two" of Emu on January 1 1994 is of little significance as long as European economic divergences persist.

The German Finance Ministry is calling for much greater progress in harmonising European countries' economies, as well as moves towards making EC central banks independent, as conditions for any meaningful advance towards Emu.

Britain still differs fundamentally from Germany in opposing the final goal of irrevocably fixing European exchange rates and transferring monetary policy sovereignty to a common European central bank.

Germany also continues to oppose the British suggestion of establishing a "hard Ecu" parallel currency. Bonn regards this as a UK ploy to duck the central issue of transferring monetary control to a new, independent European monetary institution.

None the less, talks between Mr Kohl and Mr Major at the Rome summit in the middle of this month appear to have set down a fresh framework for tactical co-operation between Bonn and London over important Emu issues.

In particular, British officials say Mr Major's government is now transmitting a new message about Germany's role in Europe. This is partly an attempt to overcome the legacy of mistrust left by the misgivings about German unification of Mrs Margaret Thatcher, the former prime minister.

France during the past year has placed great emphasis on persuading Germany to set down definite targets for progress towards Emu. French policy has been geared to winning demonstrative commitment from Bonn to western European integration to counter the feared "drift" away from Europe by a reunited Germany.

The British government, by contrast, is now telling Bonn that it requires no further reassurance about Germany's place in Europe. German officials confirm that a central feature of Mr Major's Rome talks with Mr Kohl was that the UK had "no reservations" about German unity. In particular, the UK is making clear to Bonn there is no political need to hurry towards Emu before the economic conditions are right.

This "go slow" UK line is music to the ears of the Finance Ministry and the Bundesbank. Both institutions fear that a rush towards Emu could be highly unpopular with German public opinion by appearing to undermine Germany's anti-inflation credibility.

Mr Kohl appears also to have become less keen lately to curry favour over Emu from the French political establishment. "We are not fetishists about timetables," says a senior Chancellery official. "The important thing is that the conditions are right."

Young prince to inherit fortune

Prince Albert of Thurn und Taxis – shown here sitting on the lap of German Chancellor Helmut Kohl and next to his mother, Princess Gloria – is the sole heir of Prince Johannes of Thurn und Taxis, who is to be buried today. The family fortunes, among the biggest in Europe, were founded on a postal monopoly granted in 1595 and held in Germany until 1867; the hereditary princedom was granted in 1695.

Prince Johannes, born in 1926, built up his inheritance after the second world war, expanding the family bank, and investing in industry – including a brewery, brickworks, glassworks and furniture factories – financial services, property and forestry. The family estates are said to cover 32,000 hectares in Germany, and 65,000 more in North and South America, and the prince's wealth had been estimated at up to DM5bn (£1.7bn).

The prince attracted the attention of gossip-column writers in 1980 by marrying Maria Gloria, Countess of Schonberg-Glockau, a punk-influenced friend of Mick Jagger who has since become known for her own business acumen and will act as regent.

Poland's trade with E Europe 'to halve'

By Christopher Bobinski in Warsaw

POLAND'S trade with other members of Comecon – excluding the Soviet Union – could halve in 1991, as a result of the switch to hard currency pricing, according to Mr Dariusz Ledworowski, a deputy trade minister.

January 1 sees the end of the transferable rouble and a significant measure of uncertainty in trade, especially with the Soviet Union, which has yet to decide on the distribution of hard currency for purchases from abroad between enterprises, the constituent republics and the central authorities.

Hungary's decisions to introduce convertibility for enterprises mean that Poland's trade with Budapest will be more or less normal, while question marks hang over that with Czechoslovakia, which has yet to define its foreign currency distribution system.

So far, the Poles have signed an "indicative list" with Moscow, which promises Soviet deliveries of 7.1bn cubic metres of natural gas, 4.5m tonnes of oil and 3m tonnes of iron ore. However, additional amounts could well become available as the year goes on.

At the same time, Soviet central authorities have cut a traditional annual order of 9m tonnes of coal to 5m tonnes as well as coke imports from more than 2m tonnes to 1.5m tonnes. However, Polish sulphur deliveries of 800,000 tonnes are to be kept up.

Central Soviet funds of $550m (£284.9m) are to be provided for purchases of Polish machinery and equipment which were once worth $2.5bn and made up two thirds of its exports to the Soviet Union.

Additional talks on deliveries of Polish ships and railway equipment in 1991 should increase machinery exports by another $500m.

Poland is discussing with Romania and Bulgaria how to convert its trade into hard currency. It has a trade surplus of Rbs50m with Romania and of Rbs450m with Bulgaria.

Prague to set single exchange rate for crown

CZECHOSLOVAKIA has decided to establish a single exchange rate for the crown against the dollar to facilitate internal convertibility of the currency next year, the state-run news agency CTK said yesterday, Reuter reports from Prague. It said that from today the rate would be 28 crowns to the dollar.

The move brings together different commercial and tourist rates. The new rate represents a devaluation of 14.25 per cent on the former commercial rate of 24 crowns and an upward revaluation of about seven per cent on the tourist rate of 30 crowns.

From January 1, the exchange rate will be set daily using the market value, the bank was quoted as saying.

CTK also said the bank would try to secure the stability of the crown by applying a restrictive currency policy and by market intervention.

The state bank said that from January 1 the discount rate, the rate at which the central bank lends to financial institutions, would rise to 10 per cent from 8.5 per cent.

Turkey bans general strike

By John Murray Brown in Ankara

TURKISH unions were yesterday on a collision course with the authorities, after President Turgut Ozal's government declared illegal a general strike planned for January 3.

The decision was taken at a special cabinet meeting on Wednesday. According to press reports the labour minister, Mrs Imren Aykut, who has been criticised recently, was the sole minister to oppose the decision.

Officials of Turk-Is (the largest union federation, with 2m members) reacted by rejecting a call for negotiations from Mr Yildirim Akbulut, the prime minister.

Wage claims and better working conditions are the main union demands. But with both opposition parties backing the workers' claims, the issue has developed into a broader political confrontation.

Mr Erdal Inonu, leader of the Social Democratic Populists SHP, the largest opposition party, said the government had no legal grounds for acting against the strikers.

Professional associations of doctors and lawyers also formally expressed their support for the union action yesterday.

Some 150,000 workers in coal, steel and vehicle sectors are already on strike, making it the largest union action in Turkish labour history.

The action has so far been peaceful but a minister yesterday warned that "all legal precautions" would be used to counter union action.

In the past, the army has been used to quell labour unrest. However all parties are treading carefully, mindful that in 1980 it was escalating labour chaos which prompted a coup.

Inquiry into French securities deals

FRENCH stock market regulators said yesterday they planned to investigate a series of transactions which pushed a key index on the Paris Bourse down nearly 1.75 per cent in the last two minutes of trading on Wednesday, Reuter reports from Paris.

At the end of business, the CAC-40 blue-chip index plunged 27.08 points to close at 1,536.89 on stock options and futures-related selling by a few big brokerage houses, traders said.

They said the object of the exercise appeared to be to depress the index and in turn to benefit investors holding certain options positions which show a profit when stocks fall.

Wednesday's fall, which reversed a market trend in minutes, prompted criticism from some brokers and a newspaper that the bourse had been manipulated by a few brokerages.

"The Paris Bourse yesterday was victim to flagrant price manipulation," the Paris daily Libération commented.

The main French stock market regulator, the Commission des Opérations de Bourse (COB), said it had decided to open an investigation into Wednesday's stock and options trading.

"These transactions are not covered by precise rules and it is not certain that they are illegal – only the investigation will tell," the COB said.

The COB said the Société des Bourses Françaises (SBF), which oversees French equity trading, and the Société de Compensation des Marches Conditionnels (SCMC), which oversees options trading, would also investigate Wednesday's transactions.

Traders said the same type of operation helped push the market down yesterday, when the bourse closed at 1,528.90, down 7.99 points, after touching a low of 1,520.19. Earlier it had risen as high as 1,555.48.

Immigrants crisis

Soviet Jews are continuing to stream into Berlin and accommodation will soon be exhausted if the German government does not find a solution quickly, officials said yesterday, Reuter reports from Berlin.

Almost 200,000 Soviet Jews taking advantage of Moscow's relaxed emigration rules have flocked to Israel this year. Stiffer immigration rules are due to take effect in Germany on January 1 but their impact on Soviet Jews is not clear.

Several thousand Jews have gone to Germany despite its Nazi past, convinced it offers more stability than Israel.

Berlin is also grappling with thousands of poor migrants from eastern Europe.

Schlüter plea

Danish Prime Minister Mr Poul Schlüter, treading a political tightrope, appealed yesterday for broad parliamentary co-operation when he proposed revisions to a tax reform plan which triggered an early general election two weeks ago, Reuter reports from Copenhagen.

The vote gave gains to the opposition Social Democrats but left five centre-right parties with a slim majority. This result enabled Mr Schlüter to form a minority Conservative-Liberal coalition. Mr Schlüter proposed DKr8bn (£700m) in tax cuts and ways of financing the cuts in full.Opposition charges that his earlier tax cut plan was not fully financed led to the election.

Turks win contract

Private Turkish contracting company Baytur Insaat has signed a $19m (£9.8m) contract to build a maternity hospital in Moscow, Reuter reports from Istanbul.

Construction of the 194-bed hospital will start in 1991 and is due to be completed in two years. Baytur said it would handle the entire project, including the supply of medical equipment.

Legendary conservatives on whom Gorbachev can depend

Jo Caley visits the republic of Tadzhikistan, where fear of violent unrest has left Communist party rule almost intact

PRESIDENT Gorbachev may not relish the prospect of losing his Soviet empire, but to be saddled with just the impoverished and unstable remnants would arguably be a worse fate.

This may yet happen. As the debate about the Union Treaty rages on, Tadzhikistan, in central Asia, has been one of the few republics to declare that it will sign the treaty in principle, albeit with qualifications. The irony of the situation is that most Russians know almost as little about Tadzhikistan as westerners. And what they have heard does not endear them to it.

The republic is believed (perhaps not accurately) to be one of the poorest in the Soviet Union. Since riots there in February, it has a reputation as a political powder keg, particularly with its Moslem population and strategic position on the Afghan and Iranian borders. And its relative loyalty to Moscow rests on the almost legendary political conservatism of its leadership.

Only a tenth of the deputies in Dushanbe are prepared to support opposition views openly. The presidential elections on November 30 returned Mr Kakhar Makhkamov, infamous as an old-style Communist Party figure.

Even in this era of glasnost, the local media consistently support the government line on political issues – and remain plastered with pictures of smiling cotton pickers. Furthermore, although the republic's unofficial Democratic party recently staged a 200-strong hunger strike to press the the Tadzhik soviet into political reform, it was forced to abandon this at the beginning of December without having extracted any significant concessions from the government.

"This must be one of the few places in the Soviet Union where the Communist party conservatives still rule. It rather shocked me," commented an Estonian political delegate who had arrived to offer moral support to the hunger strikers.

One reason for the conservatism lies in the February riots in the republic's capital, which left at least 22 dead. Since then, the leadership has used the events to justify retaining tight political control in the republic. As in all the violent conflicts to date in central Asia – including the recent one in Namangan, Uzbekistan – it is difficult to identify the real culprits.

The government blames Islamic extremists, or the attempts of Mr Buri Karimov, a progressive ex-minister, to stage a leadership coup. But opposition leaders say the ruling clique orchestrated the riots itself, to provide an excuse to clamp down on the fledgling opposition movements.

"I know it sounds fantastic, but politics are not civilised here yet," commented an opposition figure recently. Whatever the tangled truth, many Tadzhiks are genuinely terrified that moves towards political reform or strident nationalism will generate further violent unrest.

"With all this economic chaos, democracy is a luxury we just can't afford right now," commented a senior party figure, reflecting the views of many both inside and outside the party.

Another reason for Tadzhikistan's conservatism lies in its leadership's double-edged attitude towards nationalism.

On the one hand, like all the Central Asian republics, Tadzhikistan has made some nationalist moves. In August the republic declared its sovereignty. Last year it declared Tadzhik the state language and required all citizens (including Russians) to learn it within three years. And it is now enthusiastically hoping to build direct trade links with foreign countries.

But these steps have not yet heralded either political reform or demands for independence.

Tadzhikistan insists it will remain in the Soviet Union. And in fact the leadership often seems to use the publicity paid to language issues to deflect attention from other, more controversial nationalist questions. Many Tadzhiks attribute this to Mr Makhkamov's own stance. As a Tadzhik teacher bitterly commented: "He's got a Tartar wife; he speaks Russian better than Tadzhik – and he depends on Moscow to maintain his position."

However it is difficult to gauge how widespread this view is, since many Tadzhiks are still nervous of expressing opposition opinions openly. Furthermore, some of the recent nationalist steps that the leadership have taken are actually blocking political reform. The recent introduction of a presidential institution in all the Central Asian republics has left these republics' leaders with significantly increased personal powers. But critics fear it could lead to an increasingly authoritarian form of rule.

Similarly, the one area in which the Tadzhik soviet is decisively challenging Moscow is in its refusal to implement some of the more progressive laws recently passed in the Soviet centre. For example, political groups are still denied official status in Tadzhikistan (and Uzbekistan), even though the Soviet Union's Supreme Soviet recently approved a law granting this. The burning question is, though, how much longer this can continue without provoking a political backlash.

Nevertheless, demands for political reform and independence are slowly making an impact on the population. The Tadzhiks insist that political change must be brought about by peaceful and legal means. They abandoned the recent hunger strike, for example, to avoid direct confrontation with the government. But the danger is that other political groups may not show such restraint. Many fear that if the repression continues and the economic situation worsens, there may be a violent backlash, nationalist, Islamic, or both.

Central Asians are mostly Moslem but they are seriously divided over what role Islam should play in politics. Relations between the Islamic party and Democratic party, for example, are ambiguous at best.

Opposition Islamic leaders have not yet appeared on the political scene. The threat of them, though, casts a heavy shadow over politics there. And since most Russians remain scathing about or terrified of Islam, Moscow may soon find the relative loyalty of the Tadzhik leadership an extremely mixed blessing.

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INTERNATIONAL NEWS

US 'needs to fight recession with cut in interest rates'

By Michael Prowse in Washington

THE US needs to combat recession by cutting interest rates while taking steps to boost public savings and investment in the longer term, says Mr Lee Hamilton, the Indiana Democrat who chairs the joint economic committee of Congress.

In a foreword to the committee's annual economic report, Mr Hamilton said the best short-term response to the downturn was a "more stimulative monetary policy." The Federal Reserve had begun to ease policy but he recommended further cuts in interest rates to "ease the strains in the financial system."

Temporary tax cuts might have a quicker effect but they had a "way of becoming permanent and the budget deficit is already too large."

Mr Hamilton praised the budget agreement between White House and Congress last October but said it would have only a limited effect on US growth prospects unless it achieved greater credibility. To achieve that credibility, both the president and Congress "must better explain the deficit reduction already attained and the integrity of the new budget procedures".

However, the budget agreement only moved the US "about halfway back to the rates of national savings of the 1960s and 1970s". Fully restoring past savings rates would require further budget cuts of about $80bn in fiscal 1995.

Menem defends pardons

PRESIDENT Carlos Menem, facing a barrage of criticism, yesterday defended his planned pardons for former Argentine military rulers and a guerrilla leader jailed for crimes committed in the "Dirty War" of the 1970s, Reuter reports from Buenos Aires.

"This should be seen as a measure to end a sad and dark night of Argentina's history," he said in a radio interview. "I assume this responsibility and I will go ahead, granting the pardons before the year's end."

A presidential committee in 1984 said 9,000 people disappeared and thousands more were kidnapped and tortured by government agents during the Dirty War, the 1976/1983 dictatorship's campaign to quash guerrillas and political dissidents.

Human rights groups, opposition politicians and others over the past few days have rejected the pardons. Mr Menem has promised to free former military presidents Jorge Videla and Roberto Viola and other former officials serving long prison terms since 1985 for crimes committed during the "Dirty War."

Mexico seizes $130bn in drugs

ANTI-NARCOTICS agents seized $130bn worth of drugs in 1990, it was annnounced in a report by the attorney general's office, AP reports from Mexico City.

The federal prosecutor's office said on Wednesday it had filed drug charges against more than 11,500 dealers and traffickers in 1990.

Authorities confiscated 61 airplanes and 3,000 vehicles used in drug trafficking, the independent news service Excelsior quoted the attorney general's office as saying.

The attorney general's office co-ordinates efforts to control drug trafficking in Mexico.

The office said 24 anti-narcotics agents were killed in confrontations with drug runners during the year.

Tobacco group decides against cigarette appeal

BROWN & Williamson, the US tobacco subsidiary of Britain's BAT Industries, will not appeal against a decision by the New Jersey Supreme Court that warnings on cigarette packages did not protect tobacco makers from product liability lawsuits, writes Karen Zagor in New York.

The July decision allowed Mrs Claire Dewey to bring a lawsuit against Brown & Williamson, R.J. Reynolds and American Brands, alleging that the companies were responsible for the death of her husband, Mr Wilfred Dewey, who died of lung cancer aged 49.

Brown & Williamson said that the company was confident that "if there is a trial on the merits of the Dewey case, the company will prevail".

"Review of the New Jersey Supreme Court decision may either not be necessary or be more appropriate after the Dewey case is concluded at the trial." A trial date has not been set yet.

Last January the US Appeals Court overturned the only verdict ever to require a tobacco company to pay damages to the family of a smoker who had died of lung cancer.

US smokers have been held accountable for their own actions since 1966, when a federal law was passed requiring warning labels on cigarette packages and advertisements.

But the New Jersey ruling was seen as something of a landmark.

US 'to send more than 700 nuclear weapons'

By David White, Defence Correspondent

THE US will have more than 700 nuclear weapons on ships and submarines in the Gulf region by the time its planned deployments are completed late next month, according to reports by two anti-nuclear groups.

The British-American Security Information Council (Basic), an independent research and lobby organisation, warned of potential radioactive hazards if one of the ships were hit and caught fire.

Accidental detonation of a warhead could "no longer be ruled out" following a report on nuclear weapon safety last week by scientists to the US House of Representatives' Armed Services Committee. The three scientists recommended modifications to weapons to minimise the risk.

In a severe fire, the high explosive surrounding the core of fissile material in a warhead could burn and explode, Basic warned. Although this would not exert sufficiently uniform pressure to cause a nuclear explosion, it could result in a cloud of highly radioactive, toxic smoke.

Greenpeace, the environmental pressure group, meanwhile estimated the number of nuclear weapons with US naval forces in the Middle East at 400 as at December 15 and said the number would rise with the arrival of additional aircraft carrier battle groups.

Most of the nuclear weapons were bombs and depth charges, with some 90 nuclear-tipped Tomahawk cruise missiles, expected to increase to about 112. These would be in addition to 630 conventionally-armed Tomahawk missiles. The nuclear version of the Tomahawk, similar to land-based missiles being scrapped under the US-Soviet Intermediate Nuclear Forces treaty, have a range of 2,500km.

In addition, Greenpeace said, there were perhaps between 15 and 20 nuclear weapons on British and Soviet ships.

US war warning by Syrian cleric

SYRIA'S most senior cleric has warned President George Bush against starting a Gulf war with Iraq because "in the end you will die", AP reports from Beirut.

The warning in a letter by Syria's Sunni Moslem mufti, Sheikh Ahmed Kaftaro, was published yesterday in Beirut's Ash-Sharq daily.

The newspaper said Sheikh Kaftaro's message was carried to Washington by a delegation from the American Council of Churches which recently visited Damascus.

Sheikh Kaftaro warned Mr Bush: "In the end, you will die, and you will stand before God without your air and sea fleets and intercontinental missiles."

Palestinians count cost of the Gulf crisis

Funds have stopped flowing into PLO coffers, write **Tony Walker** and **Lamis Andoni**

PALESTINIANS resident in Kuwait could have lost up to $15bn (£7.7bn) and the Gulf crisis as a whole is having a devastating effect on the finances of the Palestine Liberation Organisation according to a senior Palestinian official.

Mr Jaweed al-Ghussein, the chairman of the Palestine National Fund, effectively the PLO's finance ministry, said that since the Iraqi invasion on August 2, funds flowing into PNF coffers had stopped.

"We usually receive funds (from Gulf benefactors such as Saudi Arabia) every three to four months, but we haven't received anything since August 2," he said.

The PLO "finance minister" estimates that the organisation has been obliged to cut spending by up to 50 per cent.

Angered by the PLO's tilt towards Iraq, the organisation's main financial backers have frozen contributions. Saudi Arabia's King Fahd seemed to suggest this week that the old system of relatively informal support for the PLO and Mr Yassir Arafat's Fatah mainstream faction would be abandoned.

The king said: "Such a system must be reviewed. The lesson we have learned from what happened is that co-operation between (Arab) brothers must be through Arab institutions which operate on a sound scientific basis."

Yassir Arafat: obliged to dig deep into his own Fatah treasure chest

Saudi Arabia has been contributing about $85m annually to the PLO and a separate amount to Fatah. Other Gulf states, including Kuwait and the United Arab Emirates, were also substantial donors.

The total annual cost of maintaining PLO Inc. under Mr Arafat, has been estimated at about $275m. Payments go to a 14,000-strong military, a large diplomatic network, families of the estimated 18,000 Palestinians killed in the Arab-Israel dispute, welfare and health services and propaganda work.

Palestinians resident in the Gulf have been contributing between 5 and 7 per cent of their gross salaries to maintaining the PLO, and according to Mr Ghussein these funds, which had amounted to about $40m annually, are still trickling through.

However, the crisis in Kuwait has meant that one of the largest – there were some 350,000 Palestinians in Kuwait before the invasion – Palestinian communities in the diaspora is itself seeking PLO assistance.

Mr Ghussein said Palestinian businessmen in Kuwait, some of whom were extremely wealthy, had lost heavily. Palestinians were also faced with the loss of savings lodged in Kuwaiti banks.

The PLO's financial "crisis" has also meant that funds to support the *intifada* or Palestinian uprising against Israeli rule in the territories have been further squeezed.

At the Algiers summit in 1988, Arab states pledged $43m a month for the *intifada*, but only a fraction of this money has been paid.

PLO officials point out that even before the Gulf crisis, financial support was declining and this was one of the reasons why the organisation had instituted an austerity campaign about a year ago. Some officials are accusing Kuwait of supporting the militant religious group, Hamas, in the Israeli-occupied territories in an attempt to undermine the mainstream PLO.

Mr Mohammed Milhem, a member of the PLO's executive committee or "cabinet", charged that Kuwait's "interests seem to converge with Israeli plans to liquidate the PLO and find alternative leaderships".

PLO officials say that families of "martyrs" in the struggle against Israel and dependents of detainees in Israeli jails were still receiving funds, but it was becoming increasingly difficult to maintain these levels of support.

The cash squeeze is prompting some individuals to call for a campaign against waste and a shedding of some of the organisation's diplomatic and bureaucratic paraphernalia. The PLO maintains offices in some 90 countries, many more than Israel.

Secrecy shrouds Mr Arafat's own Fatah finances, but according to a recently published account, these include for the most part prudent investments worth more than $2bn in equities, bonds and other securities.

The PLO leader is almost certainly being obliged to dig deep into his own Fatah treasure chest during these trying moments.

Kuwait dismisses rumours of Chinese mediation

By Peter Ellingsen in Peking

THE TIME for third parties to broker a peaceful solution to the Gulf crisis has passed, and it is up to Iraq to leave Kuwait or face the consequences, Kuwait's foreign minister, Sheikh Sabah al-Ahmad al-Jaber al-Sabah, said yesterday.

Speaking after a meeting with Chinese President Yang Shangkun, Sheikh Sabah praised China for its support and said that while many still hoped for a peaceful outcome, the means to achieve this did not lie with China or other nations, but with Iraq.

He dismissed rumours that China would try to mediate a diplomatic end to the crisis, saying "such an initiative by China, or the big powers, is very late, and wouldn't be useful".

Sheikh Sabah is in Peking with the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah, for talks with Chinese leaders, including Prime Minister Li Peng, and Jiang Zemin, party chairman. Both sides say the talks would cover a range of bilateral issues and would not change Peking's opposition to the Iraqi invasion, or its decision to abstain from a UN Security Council vote endorsing the use of force to oust Iraq from Kuwait.

After talks with Yang, Sheikh Sabah said Kuwait understood China's reasons for abstaining from the Security Council vote on use of force, and appreciated the "principled stand" taken by Peking. Sheikh Sabah said China, earlier rumoured to have sold weapons to Baghdad, had made it clear it would "never export arms to Iraq". He denied a suggestion that Kuwait might be planning to compensate China for the $2bn (£1bn) that Peking says it has lost as a result of the Gulf crisis. "The whole world is suffering from Iraqi aggression, so Iraq should settle accounts."

No comment: Kuwaiti foreign minister Sheikh Sabah shrugs when pressed by a reporter in Peking yesterday

Diplomats said the visit appeared to be part of Kuwait's attempt to keep solid support for opposition to the Iraqi invasion. China, having used the crisis to lever concessions from western nations, particularly the US, wanted to be prominent in continuing international negotiations, and to stress its pivotal role as a permanent member of the UN Security Council, they said.

Turkish plea for Nato help

TURKEY is today expected to reiterate its call that a force from the North Atlantic Treaty Organisation be deployed along its border with Iraq, during talks with defence officials from Germany and Belgium, writes John Murray Brown in Ankara.

A decision is not expected until the first week in January, but Turkey's surprise request for the 5,000 strong allied mobile force (AMF) – first made during the Nato meeting in Brussels earlier this month – has apparently left alliance members divided.

Turkey, the only Nato member with a common border with Iraq, had previously resisted alliance calls for a Nato force on its soil.

In August, Nato said any attack on Turkey would be seen as an attack on Nato. However, Ankara is now looking for assurances of Nato's commitment.

China's hardliners give little ground to reform

By Peter Ellingsen in Peking

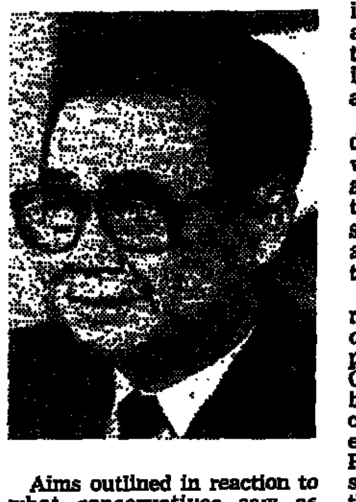
THE long-delayed meeting of China's top leaders, the Communist party's central committee seventh plenum, appears to have produced an outcome which, as expected, favours orthodox hardliners, but with a form of words that suggests concessions to party moderates.

Though no official announcement of the plenum, or its crucial decisions on China's future, has been made, the meeting is likely to back a cautious rather than vigorous pace of economic reform, while widening central control over regions and enterprises.

Provincial governments and moderates in favour of fast-track changes to China's cumbersome economy will have to live with a five-year plan and a 10-year economic strategy that claims to "deepen" reform and the open-door policy, but is in fact designed to promote stability and state supervision.

It is thought that the plenum, put off for several months because of differences about reform between the centre and the regions, will fail to resolve the deep divisions about future policy, and leave many questions undecided, or shelved for further discussion.

But, they say, the key arguments have been won by the hardliners, led by Li Peng, the prime minister. Instead of a rapid expansion of private enterprise, as envisaged before the massacre in Peking's Tiananmen Square, the party will tolerate – rather than boost – the private sector, and advocate state control for most of the economy, they say.



Aims outlined in reaction to what conservatives saw as rampant liberalisation will be retained. Growth is expected to stay targeted at 6 per cent this year, and for much of the decade, with priority given to agriculture, energy, transport and defence.

There are likely to be initiatives to restructure the country's inefficient enterprises in the first two years of the five-year plan though these will be of little use without an end to the distorting two-track price system in which bureaucrats rather than the market distribute resources.

The economic blueprint recommends price deregulation for some products by the end of the decade, but this is not expected to include essential foodstuffs and goods such as construction materials crucial to national planning. Big subsidies on grain and other staples is likely to continue, with authorities remaining sensitive to measures that would spark inflation or any resentment among consumers.

The plan envisages greater de-control of prices later as a way of boosting production and efficiency, but the indications are that the impetus will stay with central authorities and not be devolved down to the provinces.

The plenum is unlikely to resolve the continuing dispute over greater autonomy for the provinces, such as southern Guangdong, which enjoyed a boom under the reform process, and declared a more liberal economic policy than Peking. There is expected to be some talk of power-sharing, though, as recent coverage in the government-controlled media shows, this will be subservient to orthodox party preferences.

While the plenum has been going on, the official People's Daily has indicated the regime's priorities with articles eulogising the late Mao Zedong and his antipathy to "class enemies" and "bourgeois-liberal ideas".

On the 97th anniversary of the former chairman's birth, the paper, along with the Guangming Daily calls for the development of marxism and Maoist thought, but fails to evoke the benefits of reform, or the thinking of its main backer, 86-year-old patriach, Deng Xiaoping, who, while still nominally paramount leader, appears to have been unable to push economic reform as fast as he had wanted.

Chinese car ventures return to fast track

John Elliott finds Peugeot and Volkswagen benefiting from a new mood in Peking

MOTOR car joint ventures operated in China by Peugeot of France and Volkswagen of Germany have pulled back from the doldrums of a year ago when they were hit by the country's economic cuts, and are expanding production and chalking up profits.

This is a result of Peking's determination to reflate China's sluggish economy and to rebuild international confidence after last year's political and economic crises. This determination appears to have generated considerable official encouragement for the ventures.

In the southern city of Guangzhou, Peugeot this year has been given a production quota by the government for 8,000 of its 504 and 505 station wagons, pick-ups and cars, compared with only 4,700 last year. It expects to be allowed 12,000 next year.

Last week it also signed a joint venture contract to make Citroen's newest model in Wuhan, in Hubei province. Total investment is expected to be Yuan 4bn, with projected production of 150,000 cars a year by 1994.

Volkswagen has quotas for 19,300 Santana sedans at a joint venture in Shanghai, China's second city, and last month it signed a second DM1.6bn (£550m) joint venture contract to produce Golf and Jetta saloons in China's First Auto Works at Chang Chun in the northern province of Jilin.

Peugeot's profits this year are forecast to be substantially above last year's Yuan 50m and Volkswagen says it is on target.

The production figures contrast with the situation a year ago when the market collapsed and initiatives were delayed by bureacratic red tape. Peugeot stopped production for two months last November and Volkswagen was also hit for a shorter period.

Both ventures depend on import quotas allocated by the government, which enable them to import essential components. Usually they can easily sell all their relatively small production runs at price levels which are fixed by the government to guarantee satisfactory profits.

But both companies are failing to achieve any exports, mainly because of high production costs and because their quality cannot be guaranteed at international standards. Peugeot's costs are 20 per cent or more above internationally competitive levels. Its 505 station wagons cost around Yuan 107,000 to produce and sell for Yuan 182,000.

The car companies are, however, escaping foreign exchange problems which have often hit joint ventures, even though they are not generating any foreign income from exports.

A Guangzhou municipal agency for example, which takes 70 per cent of all Peugeot production, pays the equivalent of a car's imported components and foreign management costs in US dollars. Most of the remaining 30 per cent is sold to government organisations for a mixture of dollars and local currency. Dollar shortfalls are made up at officially-recognised grey market currency swap shops.

Volkswagen expects to produce 18,300 cars this year, including part of a 1,000 quota allowed for exports which it has yet to achieve. Next year it will have total quota for 26,000 and Mr Burkhard Welkener, the general manager, says 30,000 "could be realised".

This is because Mr Welkener hopes within a year to have conquered China's renowned poor industrial quality and delivery sufficiently to achieve a localisation target set by the government. The target involves producing 60 per cent of the cars' components in China, including five major parts – the engine, gearbox, body, and front and rear axles.

Volkswagen will then be free of the import quota system's production constraints and will be able to produce according to market requirements. It aims to produce 40,000 vehicles in 1992 and 60,00 in 1993-4.

Peugeot is not so advanced but now feels well established, along with Volkswagen, as one of China's six main car plants. "Since May things have been better and we have no problems selling our production, unlike last year," says Mr Bruno Grundeler, Peugeot's general manager.

This year Peugeot is only producing 5,700 of its 8,000 quota because it did not receive authorisation for the final 3,300 till September, but it will carry the balance forward and is aiming for 13,000 next year.

This production rate is lower than the 6,000 achieved in 1988 before last year's troubles. It is little more than 50 per cent of its 24,000 annual plant capacity and is far short of the 45,000 target set for 1993 when the venture was set up in 1985-6.

But it has just been boosted by a $15m loan arranged by Banque Nationale de Paris in Hong Kong for buyers' credit and the government has been helping the companies offset the impact of devaluations of the yuan.

There are continuing problems with erratic power supplies, irregular quality and shortage of some raw materials. But overall the companies feel the government wants them to be successful – their products, after all, are the bureaucrats' status symbols.

HK cracks down on smugglers

By Angus Foster in Hong Kong

HONG Kong is trying to crack down on smuggling between the colony and China, after several recent incidents which have soured relations between the two sides.

Hong Kong is worried further counter-smuggling activities could jeopardise relations with China and is concerned about Chinese security boats drifting into Hong Kong waters, ostensibly checking on smuggling.

The Hong Kong government yesterday announced legislative measures and stricter licensing procedures aimed at stopping smugglers using high-powered speed boats to ship contraband, often consumer goods such as TVs or stolen cars, the few miles to China.

Earlier this year, the government claimed armed Chinese security officers had commandeered an illegal shipment of Mercedes-Benz cars in Hong Kong waters. The incident led to sharp words between the two sides with several shooting incidents involving smugglers since.

Hong Kong is also worried some Chinese officials are involved in the smuggling and are providing licences for the illegal goods. Hong Kong has passed on details of over 100 cars believed stolen from the colony this year, which are now in China. So far, the Chinese have returned three.

India increases industrial taxes before IMF accord

By K.K. Sharma in New Delhi

THE Indian government yesterday imposed additional taxation on industries and personal incomes to collect Rs8.1bn ($454m) in the next four months to reduce the growing budgetdeficit.

The new taxes come after customs and excise duties were increased last month to raise Rs3.9bn in the remaining four months of the financial year, making them collectively the most severe taxation measures in recent years.

The government is negotiating a standby credit with the International Monetary Fund, which is expected to insist on measures to check the budget-deficit as one of several conditions. The current measures are thought to anticipate these conditions so as to make them politically acceptable.

The taxation measures, which have already been criticised by industry, which is bearing the brunt of the revenue-raising exercise, was announced to parliament on a tumultuous opening day of its brief winter session by Mr Yashwant Sinha, the new minister of finance.

In a statement, Mr Sinha spoke of the difficulties caused by fiscal imbalances and a serious balance of payments crisis combined with inflationary pressures resulting from, among other things, the Gulf crisis and the government's growing debts.

Mr Sinha said interest payments on borrowing to finance the deficit now swallowed 20 per cent of spending, double the ratio 10 years ago.

He aimed to keep the budget deficit in the 1990-91 fiscal year down to 8.3 per cent of gross domestic product, against 8.9 per cent a year earlier.

Calling for all-round austerity, Mr Sinha said: "The soft options stand exhausted. It is now imperative for us to start making necessary macro-economic adjustments."

To correct the fiscal imbalances accumulated over several years "it is essential that we begin to introduce correctives. Even this will mean hard decisions and difficult choices."

The taxation comes after the previous government of Mr V.P. Singh had raised prices of petroleum products and levied an additional surcharge on corporate incomes. Together, the levies will raise Rs12bn in the rest of the financial year ending on March 31.

Mr Sinha also indicated that government expenditure would be cut while subsidies would be "rationalised" so that they were better directed towards the poor.

The difficult decisions were taken by the new minority government led by Mr Chandra Shekhar at a time when its vulnerability, because of its dependence on support from Mr Rajiv Gandhi's Congress party, is being used by its opponents to attack it.

That Mr Shekhar can expect no quarter from his political opponents became clear on the opening day of parliament when members of Mr V.P. Singh's Janata Dal and the Hindu nationalist Bharatiya Janata party vociferously questioned the legitimacy of the government.

The Speaker was forced to adjourn the House twice after opposition members held a noisy demonstration against Mr Shekhar's government.

Later, they attacked the government in an acrimonious debate for allowing the communal situation to worsen following attempts by Hindu fundamentalists to build a temple on the site of an ancient mosque in Ayodhya.

An Afghan girl leads a children's demonstration in New Delhi yesterday against the Soviet-backed government in Kabul. The demonstration marked the anniversary of the Soviet intervention in the Afghan Civil War. The last Soviet troops pulled out of the country in February 1989.

S Korean president reshuffles cabinet

PRESIDENT Roh Tae-woo of South Korea replaced his prime minister and nine other cabinet members yesterday, in a reshuffle coinciding with a crackdown on dissent, AP reports from Seoul.

Security authorities announced 53 more arrests in a crackdown on anti-government activity shortly after Mr Roh reshuffled the 24-member cabinet, promoting a former professor to be prime minister.

Analysts said Mr Roh, facing waning support for his domestic policies, was seeking to strengthen his position before a series of elections starting next year. He directed the new cabinet to focus its efforts on "establishing law and order" and economic stability. Rising labour costs have made Korean products less competitive abroad, and sluggish exports have dampened the economy.

Opponents said the reshuffle failed to answer popular demands for political reforms and social and economic stability. "I am disappointed," opposition leader Kim Dae-jung said. The head of the Party for Peace and Democracy said Mr Roh had made the government more conservative.

Immediately after his appointment as prime minister, Mr Ro Jai-bong, 54, declared: "The priorities will be on social discipline, law and order, and progress in inter-Korea dialogue."

Since September, the prime ministers of South and North Korea have met three times in high-level talks aimed at easing tensions. A fourth round of talks is scheduled for February.

Mr Ro vowed to maintain ties with the US while improving relations with the Soviet Union.

The reshuffle indicated little change in the president's policies, but some appointments reflected emphasis on dialogue with the North.

Mr Choi Ho-joong was moved from foreign minister to unification minister in charge of that dialogue. He was instrumental in South Korea's moves to forge ties with former communist allies of North Korea.

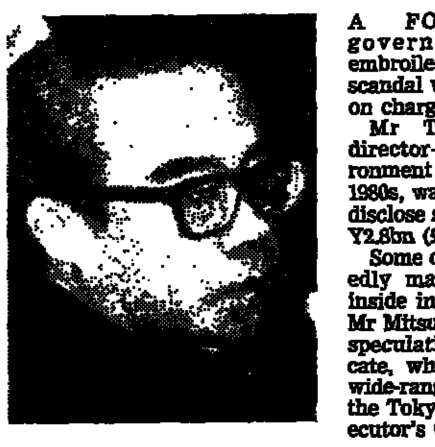
The arrest of 53 radicals charged with infiltrating campuses and the military, allegedly to foment revolution, brought to 84 the dissidents and students charged in the past two days with anti-state activity. Police said dozens more were being sought in their crackdown against leftist or pro-North Korean elements. Mr Roh ordered police to "deal sternly with disorder" and block radicals from disturbing next year's elections.

Local elections are expected in the first half of the year. Elections for parliament and a new president will follow over the next two years. Roh's five-year term ends in early 1993.

In yesterday's reshuffle, Mr Lee Sang-ok, a career diplomat who heads the South Korean mission in Geneva, was made foreign minister. Mr Lee Bong-suh, a US-educated economist, was named trade and industry minister.

Ex-minister indicted over taxes

By Stefan Wagstyl in Tokyo



A FORMER Japanese government minister embroiled in a stock market scandal was yesterday indicted on charges of tax evasion.

Mr Toshiyuki Inamura, director-general of the Environment Agency in the mid-1980s, was accused of failing to disclose stock trading profits of Y2.8bn (£10.85m).

Some of the gains were allegedly made with the help of inside information supplied by Mr Mitsuhiro Kotani, head of a speculative investment syndicate, who is the subject of a wide-ranging investigation by the Tokyo District Public Prosecutor's Office.

Seventeen people have now been indicted on charges arising from Mr Kotani's alleged activities, including Mr Kotani himself, who earlier this year pleaded guilty to one case of manipulating stock market prices. He allegedly manipulated the price of shares in Fujita Tourist Enterprise, a leisure company, in April this year.

But the heart of the investigation into Mr Kotani concerns his controversial takeover of Kokusai Kogyo, an aerial survey company in 1987-88.

The case will increase public demands for greater controls on fund-raising by politicians.

Action on cement cartel

By Robert Thomson

JAPAN'S Fair Trade Commission has ordered 12 Japanese cement makers to end an illegal cartel that had allegedly fixed sales prices and production quotas for the largest companies in the industry.

The order, which may be accompanied by a fine, follows US complaints about cartels in the Japanese construction industry, which has become an issue because of Washington fears that the Japanese market is closed to outsiders.

Those were partly confirmed yesterday by the FTC order to the cement makers, which have been told to review their management and end their regular meetings of company presidents.

The companies involved include the four largest in the industry. Onoda Cement, Nihon Cement, Sumitomo Cement and Mitsubishi Mining and Cement (now called Mitsubishi Materials), and are alleged to have fixed prices in northern and western Japan in 1985 and 1989.

FTC officials say they formed a cartel based on agreements made at meetings of their regional managers, who determined production and sales ceilings for each maker and collectively decided on price increases.

Algerians march in protest at laws symbolising 'intolerance'

MORE THAN a hundred thousand Algerians marched through the streets yesterday, protesting at "political and religious intolerance and over-rapid Arabisation", symbolised by a new law forbidding foreign languages in their country, AP reports from Algiers.

The protesters, led by opposition leader Hocine Ait-Ahmed, focused their displeasure on the law passed on Wednesday night making Arabic the national language and exacting heavy fines for using anything else in official transactions. The law targets French and implicitly threatens the use of Berber, spoken by nearly a third of Algeria's population of about 27m.

The protesters marched past the presidential palace, erecting a tent to show their anger at the government's refusal to accord an Algiers headquarters for Mr Ait-Ahmed's Front of Socialist Forces party.

Marchers said they were demonstrating in favour of democracy. Mr Ait-Ahmed, a Berber, called the law a "veritable coup against democracy".

"People were not consulted in advance over such a sensitive question," Mr Mouloud Ait-Kaci, a university teacher, said.

Under the law, passed by 173 to 8 with 13 abstentions, and still to be signed by President Chadli Bendjedid, use of Arabic in all official and work transactions as well as in schools is to be "total" by 1997.

Ait-Ahmed: "a veritable coup"

TV programming must also be in Arabic, although French newspapers already existing are not affected.

Mr Ait-Ahmed accused the government of "complicity" with Islamic forces who, he claimed, were behind the new law. The Moslem fundamentalist Islamic Salvation Front has emerged as the main opposition party in Algeria, which moved to pluralism, changing its constitution, after the October 1988 riots.

The Islamic Salvation Front, winner in municipal and local elections this summer, has tried to enforce the Islamic dress code in several towns where it has a majority.

The Algerian constitution cites Arabic as the national language but does not forbid the use of foreign languages.

Under the new law, documents prepared in a language other than Arabic will be "nullified" and a fine of £50-£260 levied. Political parties will be fined more heavily for not complying.

● The Algerian government called in US, British and Australian diplomats yesterday to protest at the way their navies intercepted an Iraqi ship in the Arabian Sea on Wednesday, Reuters reports from Algiers.

American, British and Australian marines used a smoke grenade and a noise grenade in scuffles with the crew and passengers of the *Ibn Khaldoon*, an Arab women's "peace boat" taking food and medicine to Iraq.

Several dozen Algerians, including the secretary general of the Algerian Women's Union, were aboard the ship, which has been taken to a non-Iraqi port for unloading.

The official Algerian news agency APS said foreign ministry officials told the Western diplomats "of their extreme concern at the brutal manner in which civilian passengers, including women and children, were treated".

The officials said the Ibn Khaldoon was on a peaceful and humanitarian mission and insisted that the three Western countries were responsible for ensuring that the Algerian citizens were protected and repatriated promptly, APS added.

Pakistani bank workers on strike

MORE than 150,000 Pakistani bank employees staged a second day of protests yesterday against Prime Minister Nawaz Sharif's privatisation policies, AP reports from Islamabad.

They were protesting at the government's decision to sell Muslim Commercial Bank, nationalised in 1973 by late Prime Minister Zulfikar Ali Bhutto.

The bank employees, supported by 142 trade unions, called on Wednesday for a two-hour work stoppage daily until their demands are met, ignoring a court order prohibiting such action.

The strike followed a statement Tuesday from the prime minister which said opposition to his denationalization policy would be countered with an "iron hand."

Trade union leaders fear that new owners will cut back staff and benefits.

"The banks are run much better now than before nationalisation," said Mr Habibuddin Junedi, Secretary-General of the Bank Employees Federation. "We are not opposed to setting up of banks by the private sector but denationalization will be harmful. ...

At a convention last week in Lahore, the unions threatened to launch nationwide agitation.

Mr Sharif, a 41-year-old industrialist, promised soon after coming to power on November 6 that Pakistan's key government-owned industries and banks would be handed over to the private sector.

"The decision is irrevocable," he said. "It is in the best interest of Pakistan's crumbling economy."

Mr Bhutto, who was overthrown in a 1977 military coup and hanged two years later, nationalized Pakistan's major industries, banks and insurance companies to try to break the 22 industrial tycoons who then, as now, controled 80 per cent of the country's wealth.

Telecom companies to construct optic fibre cables around Pacific

By Dai Hayward in Wellington

COMMUNICATION companies from New Zealand, Australia, the US and Japanese are to share the construction of two optical fibre telecommunication cables, worth $1bn (£530m) each. These will link the Pacific and improve Australia and NZ communications with the rest of the world.

Along with the Tasman 2 cable, which will connect Auckland and Sydney next year, the new cables will provide a ring around the Pacific Ocean capable of carrying traffic equivalent to 30,000 simultaneous telephone calls. Thirty five international carriers have signed agreements committing them to building the new cables.

The Pacrim East cable will be in operation by March, 1993. It will run from Auckland to Hawaii. Pacrim West, running from Sydney to Guam will be completed in 1994.

Alcatel TCC of Australia, the subsidiary of Alcatel NV group of France, has won a contract worth $NZ640m (£200m) to lay all of the Pacrim West cable and about half of Pacrim East. AT&T of the US will supply and lay the remainder. Alcatel NZ will supply shore station equipment for both ends of Pacrim West and the NZ terminal of Pacrim East.

Australian companies have won 65 per cent of the contract to supply the raw materials except the cable fibre which will be supplied by Sumitomo in Japan.

Several thousand volts of electricity will be needed to power repeaters installed every 133 kilometres along the cable.

NZ's Telecom Network and International is one of the four main shareholders in the system.

NEWS IN BRIEF

Taiwan plans to open up market to foreign investors

TAIWAN'S cabinet has approved a long-awaited bill to open the island's volatile stock market to foreign institutional investors, Reuter reports from Taipei. Liao Cheng-hao said the bill would come into effect three days after it is officially promulgated, which would happen "very soon". Under the plan, foreign insurance companies, banks and fund management firms may apply to the Securities and Exchange Commission to trade shares in listed companies and funds as well as government and corporate bonds.

Guinea voters back reform

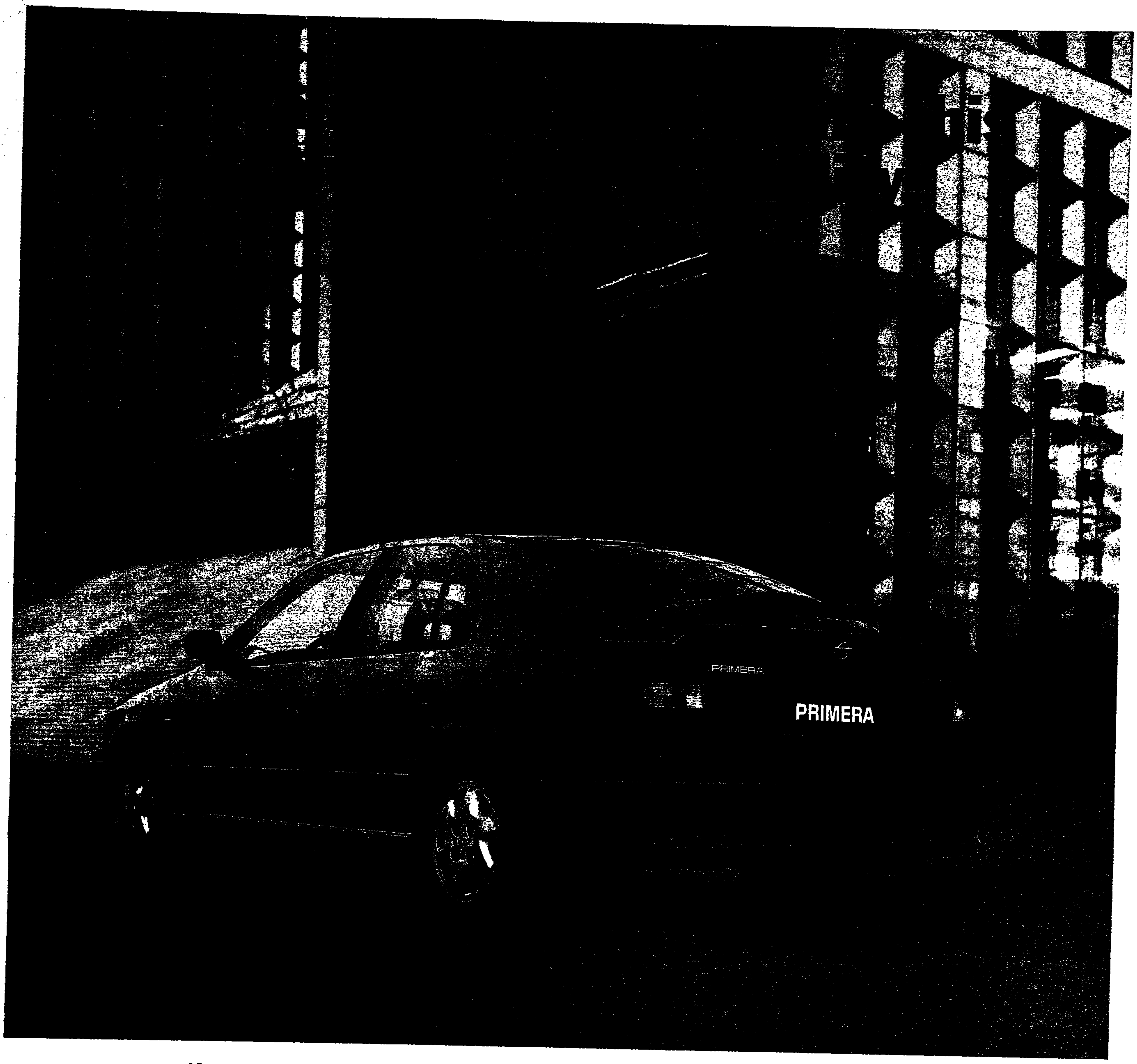
Nearly 99 per cent of Guinea's voters have endorsed a new constitution to end one-party military rule, final results of a weekend referendum showed, Reuter reports from Conakry. The constitution would end six years of military government in the West African country and introduce a two-party system.

Eight Burmese MPs sacked

Eight parliamentary deputies, six from the main opposition party, the National League for Democracy, have been deprived of their seats by the elections commission for "setting up a parallel government", Chit Tun reports from Rangoon.

'Rwandan rebels killed'

Rwanda said yesterday that government troops killed 540 rebels in the northern province of Byumba after the insurgents massacred several hundred civilians, Reuter reports from Nairobi. State-run Rwanda radio, monitored in Nairobi, said the offensive ended on Wednesday and added that 60 rebels fled into Uganda.



Nissan announces the Primera.

A car that, before being introduced, has spent the past several years as the centre of attention of design departments, computers and experts across Europe.

A car that was in fact built for only one, much more critical, expert.

You are that expert (you could say the Primera was built to be compared).

Let's start with the exterior and see for example how the Primera is built.

As you look at the Primera you are seeing an almost seamfree 'super flush' designed body.

This has been made to look great, of course, but also to stay looking great.

That's why the Primera body is made of double-coated Durasteel.

The use of top quality, durable materials is however not at all limited to the bodywork.

The finishing of interior and dashboard are other good examples of that.

Therefore, it can be no surprise, then, that we give no less than 3 years bumper-to-bumper warranty on the Primera, together with the built-in, pan- European 24-hours service.

Yet the Primera offers you even more than we have room for here. Its comfort, its styling, its quality- all are designed to stand up to your scrutiny.

As you realise as you take a close look at how its interior was designed.

And as soon as you match the performance of its 16 valves in every Primera gasoline engine with your own.

And your comparison is not only true for the four door sedan but also for the five door hatchback and station wagon.

There now seems to be only one question left unanswered: when would you like to compare the Primera?

NISSAN

Nissan Primera.
The new performance car for a country called Europe.

THIS MODEL IS A NISSAN PRIMERA GT. ALL SPECIFICATIONS MENTIONED ARE BASED ON THE MODEL SHOWN AND SUBJECT TO POSSIBLE CHANGES.

Riddles of economic recession unravelled

Peter Norman examines the build-up to the current situation and the prospects ahead

THIS HAS been a bad season for good cheer.

Ever since the government acknowledged that Britain was in recession, economic commentators have been vying to paint as gloomy a picture as possible of Britain's economic outlook.

Mr Gavyn Davies, the chief UK economist of Goldman Sachs, believes it is "not impossible" that the current downturn will be as bad as that of 1980-81.

The evidence to support such gloom is persuasive. All recent economic indicators point downhill. Retailers and manufacturers alike talk of their worst trading conditions in 10 years.

But it is far from certain that Britain is facing a repeat of the recession of the early 1980s which brought a rise in unemployment to more than 3.1m and the closure of large parts of manufacturing industry.

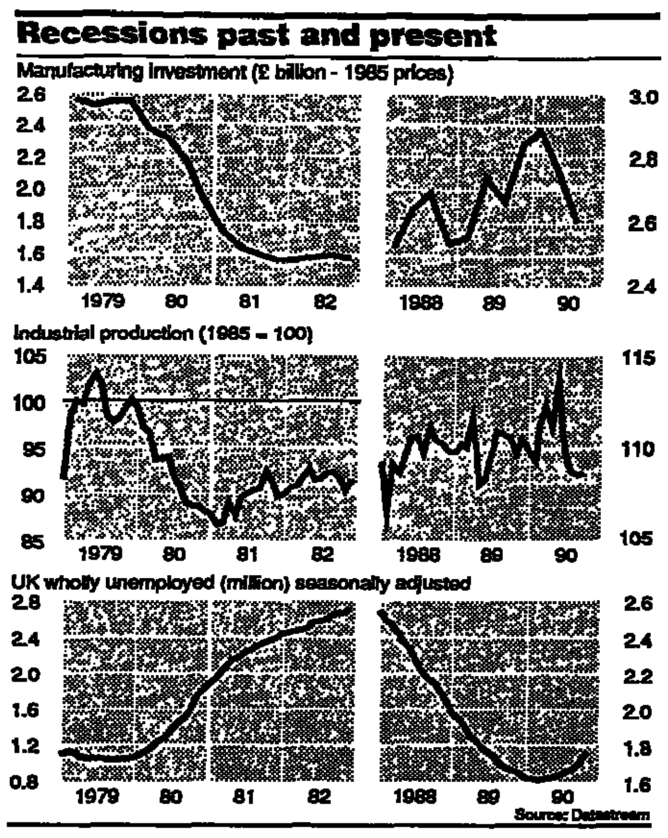
Although recent statistical and anecdotal evidence suggests that the economy "fell off a cliff" in August, the slowdown has been building for some time and should have come as no surprise. Some commentators, such as Mr Bill Martin, chief UK economist of UBS Phillips & Drew, have argued that the economy is "probably close to the trough of the current cycle".

The Central Statistical Office estimates that the long 1980s business upturn peaked in August 1988 when bank base rates were pushed up from 10.5 per cent to 12 per cent. Rates were subsequently lifted in stages to 15 per cent by October 1989. However, the full pain of the consequent downturn was only felt recently.

Between May 1989 and early 1990, domestic monetary conditions were tightened further but the pain did not spread throughout the economy. The traded goods sector found the impact of higher interest rates offset by a sharp drop in the value of the pound.

An altogether tougher climate set in last spring. High community charge levels for local services and a 0.75 percentage point increase in average mortgage rates to 15.25 per cent finally hit the consumer.

Recessions past and present



Source: Datastream

Sterling began to climb on expectations that it would enter the exchange rate mechanism of the European Monetary System. By August, retail price inflation had risen to an annual 10.6 per cent, outstripping the 10 per cent annual rise in average earnings.

Last summer the economy suddenly felt the full impact of two years of high interest rates and sharply rising labour costs. The traded goods sector joined the vulnerable parts of the UK economy alongside high street retailers and the highly geared.

The Iraqi invasion of Kuwait, with its accompanying rise in oil prices and falling stock markets, posed an additional threat to investment. When the UK government decided in October to take the pound into the ERM, it closed down industry's traditional escape route from recession – sterling devaluation.

The history of the downturn contains a glimmer of hope for future recovery. The retail price inflation that squeezed the consumer spending earlier this year almost certainly peaked at 10.9 per cent in October, falling to to 9.7 per cent in November.

According to 14 City of London forecasters, inflation could be down to 5.1 per cent by the end of 1991 – lower than the 5.5 per cent forecast by the government in its November autumn statement.

Moreover, despite heavy indebtedness, industry should be more able to cope with recession than at the beginning of the 1980s when it had to contend with antiquated work practices.

However, there are many imponderables that could tip the economy further into recession. December brought the news that retail sales have been falling at an annualised 4 per cent in volume terms; manufacturing output dropped by a seasonally adjusted 2.5 per cent in the three months to October and unemployment jumped by 57,600 in November.

Further uncertainty surrounds the UK clearing banks, which are having to increase provisions for bad debts. Professor Alan Budd, economic adviser of Barclays Bank, warned recently: "We certainly have some of the conditions for a credit crunch."

Even if the banks maintain most of their existing credit lines, balance sheet repair is likely to increase, thus acting as a brake on Such a economic activity.

Such factors make the task of Mr Norman Lamont, the chancellor of the exchequer, particularly unenviable as his March budget approaches. So long as sterling is weak within the ERM he cannot influence economic activity by cutting base rates.

The months ahead are likely to be crucial in determining the depth of recession. The one apparently sure card the chancellor holds is falling retail price inflation. But he is unlikely to relax until that is underpinned by a drop in the increase of earnings from this autumn's average 10 per cent.

Outlook bleak for UK, says review

BRITAIN faces the bleakest economic outlook of the world's seven leading industrial nations over the next three years, according to Oxford Economic Forecasting, an economic research company, Peter Norman reports.

In its latest review of world economic prospects, the Oxford forecasters see a two-speed global economy in 1991 in which the English-speaking countries – the US, Britain and Canada – would experience recession but Japan, Germany and other continental European countries would continue to grow.

For the 24 industrialised member countries of the Organisation for Economic Co-operation and Development, it forecasts overall growth of 1 per cent in 1991, half the 2 per cent growth rate forecast by the OECD in its half-yearly Economic Outlook last week.

The British and US economies are expected to contract by 0.3 per cent next year with Canada's real gross national product dropping by 0.6 per cent. While both Canada and the US are expected to bounce back from recession – with growth rates of around 2.1 and 2.9 per cent respectively in 1992 and 1993 – annual growth in Britain is forecast to be *only slightly* above 1 per cent in those years.

The Oxford forecasters say for Britain "beyond 1991, the cost of ERM membership could be a prolonged, gradual deflation, with at least two more years of output growth well below potential". Unemployment is expected to rise to 2.5m by the end of 1993.

The group expects a gradual relaxation of monetary conditions as the government keeps open the option of an October or June election. But scope for UK interest rate cuts will be limited because of upward pressure on German interest rates. UK base rates are forecast to fall to only 13.5 per cent by the second quarter from 14 per cent at present.

Further ahead, the group sees UK interest rates rising above 13.5 per cent for a time in 1992 as the authorities battle to establish Britain's anti-inflationary credentials after putting sterling in the narrow 2.25 fluctuation band of the European Monetary System.

Rolls-Royce gains union support for low pay settlement

Michael Smith, Labour Correspondent

ROLLS-ROYCE, the aerospace group, is winning support among workers nationwide for pay deals which will mean initial rises of just 5 per cent – one of the lowest settlements of any large manufacturing group in recent years.

City of London analysts were concerned about the possibility of strikes when Rolls-Royce plants in Derby and Bristol announced in November that they intended to pay only 5 per cent initially with a further rise of about 4 per cent after six months.

Other managements, including those in East Kilbride, Coventry and Sunderland have since followed suit. However, local union leaders are recommending acceptance of the offers to their members.

Mr Tony McCandless works convenor at Derby in central England, where 14,000 workers are employed on the group's largest site, said he and fellow union leaders did not consider industrial action an option.

"Airlines are going into liquidation and there are massive lay-offs and downturns in profits," said Mr McCandless

"We are adopting what we believe is a responsible attitude."

The Derby manual workers will vote in mid-January whether to accept the shop stewards' recommendation on the offer.

Shop stewards say that, if the company's economic situation has improved, they will resubmit their original claim for a 12 per cent rise.

Workers at other plants must also determine their response to the offers. Mr McCandless said he understood that local negotiators in Sunderland, East Kilbride and Parkside, Coventry, were also recommending acceptance.

Kvaerner seeks to shed Glasgow shipyard stake

By James Buxton, Scottish Correspondent

KVAERNER, the Norwegian shipbuilding group, is set to sell its stake in Ferguson Shipbuilders, in Port Glasgow, Scotland. The deal would follow the sale or restructuring of nearby Kincaid, the marine engine builder.

Kvaerner acquired control of both Kincaid and Ferguson on the lower Clyde last January. It took a 75 per cent stake in HLD, a company created by former British Shipbuilders executives who had bought both from the state-owned company and who retain their 25 per cent stake. Kvaerner bought Govan Shipbuilders in Glasgow from British Shipbuilders in 1988.

Possible options for Kincaid include outright sale or sale of a majority stake to leading marine engine makers. Kvaerner admitted yesterday that it had overestimated Kincaid's potential. Kincaid makes engines under licence from the German company Burmeister & Wain but believes it is only able to build only three to four a year. This is partly because much of the British shipbuilding industry has disappeared and partly because of the restrictive nature of the licences.

ARTS

VISUAL ART

Profound concerns, yet a year to celebrate

William Packer finds solid compensations in the 12 months when recession strained resources and clouded horizons

Once again, I return to my seasonal duty of reviewing the year's art with mixed feelings, both reassuring and mildly dispiriting. No climacteric has been achieved, no new planet has swum into our ken. Would I have felt and written the same 100 years ago, with Van Gogh just dead? Or in 1900, with Picasso lately arrived in Paris? Or in 1910, 1920 or 1930?

We live too close to these things to see them, at least in their true relation to the whole. So what is there to say of 1990, but that the spring followed the winter, and then came summer and autumn and winter again? As I said, mildly dispiriting in its predictability.

But then, therein lies the reassurance, the sense that if things are as they have always been, they cannot be entirely bad, doom-laden, dispiriting. We are repeatedly told that the days of the great institutional exhibitions are over, owners no longer lending, insurance costs impossibly high, the iron rules of conservation forbidding the further movement of any masterpiece. And what do we find but great surveys of Velasquez early in the year in Madrid, and of Van Dyck now in Washington. There was also Titian in Venice in the summer and Modigliani at the Fondation Giannada at Martigny. In Paris there were the da Vinci draperies at the Louvre, the Jacqueline Bequest at the Grand Palais and now the Simon Vouet.

In Edinburgh, coinciding with the Festival, there was *The Classical Vision of Landscape* at the Scottish National Gallery, which set the landscapes of Cézanne with those of Poussin in a small but almost perfect display, that in any other year would have been the best of all. But this was 1990, centenary of the death of Vincent Van Gogh, and the palm must go to the summer's quite magnificent double retrospective of the paintings at the Van Gogh Museum in Amsterdam, the drawings at the Kroller-Muller at Otterlo. This was, perhaps, the exhibition not of the year but of the decade.

So what of London? When we are not being told that there are no more great exhibitions at all, it is only to be told that they are all passing London by. So the year began with Frans Hals filling the Royal Academy and ends with the quite extraordinary show of Egon Schiele and his contemporaries still on. And the display of Monet and his series paintings of the 1890s just over, was a *succes fou* that had queues around the courtyard day in, day out, quite wiping out the Academy's habitual deficit.

The National Gallery goes in for rather more modest exercises, drawn in the main from its own collections. In any case, we await the inauguration of the Sainsbury Wing in the summer, although real if smaller treats were to be had there nevertheless. The current show – examining the techniques of Impressionism – is excellent for its kind, and in the summer Victor Pasmore's *Artist's Eye* was well up to the high standard of this intriguing and stimulating series.

Yet best of all – and a true curatorial coup – was the smallest of temporary offerings, that brought back from the Prado with the Rokeby Venus, lent for the Velasquez show, that exquisite pair of reclining figures by Goya – the Maja naked and the Maja clothed.

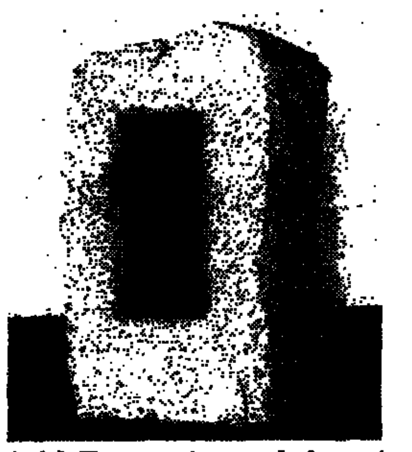
As for the Tate, there too, with Nicholas Serota's re-hang early in the year (its first substantial revision is to be unveiled next month) the emphasis had been put back firmly on to permanent collections. And yet in the summer came *On Classic Ground*, a major and in many respects extraordinary loan exhibition of the art of the first 30 years of the century, that showed the masters of early modernism in their relation to classical themes and reference.

In January, the Whitechapel had a retrospective of the work of Arshile Gorky, Armenian emigré and pioneer of American abstract expressionism, while in the summer it mounted a show of the sculpture and drawings of the Spanish artist, Julio Gonzalez. In the autumn, the Arts Council brought to the Hayward the work of another Spanish artist, Eduardo Chillida, who is hardly known here and yet is one of the greatest of post-war sculptors. The autumn too saw the Barbican put on a survey of Jewish art in the 20th century.

In the spring, Manchester City Art Gallery put on *The Pursuit of the Real*, a survey of modern British realism. At Easter, Birmingham City Art Gallery made a special study of Camille Pissarro. In September, the Walker Art Gallery in Liverpool had a small but powerful show of Braque's still-lifes, while the Liverpool Tate had a definitive show of the French painter, Jean Helion.

Last month, the Burrell Collection in Glasgow was host to an intriguing celebration of Van Gogh in the context of his Dutch contemporaries, who are both directly relevant to modern British painting yet oddly unknown to us. Only last week I was reviewing a show of the later work of André Derain, at the Museum of Modern Art in Oxford. And I have said nothing of the truly wonderful things – old and modern masterpieces alike – that are a constant traffic through the private commercial galleries and salerooms.

Egon Schiele: woman seated



Anish Kapoor: stone and pigment

The Fourth Earl of Bothwell

I run through such a litany in no spirit of complacency, but rather to make the point that even in such straitened and difficult times as we now enjoy, by some miracle of prestidigitation there is still so much to see of real significance and great beauty put before us by our public institutions. How long can it last? So much depends on the exigencies of politics and the mechanics of policy, to say nothing of the imponderable forces quite beyond the command of even the most beneficent of administrations. Shall I be as hopeful this time next year? Who can say?

I have said little yet of the private sector and current art. London is still prodigiously well-endowed with galleries dealing in contemporary work, although whether there is the quality to supply the opportunity is a nice question. There are some very good artists at work in this country, as good as anywhere in the world, but they are not of the youngest and not always to be found at the sharper end of avant-garde engagement.

I look through the list of shows that have impressed me in the year to find that it is neither innovation nor excitement that has held me so much as quality and proven quality at that. Again and again, it turns out to be the work of older artists, established artists, even artists some considerable time defunct. Keith Vaughan, in a full retrospective at Agnews, the later work of David Bomberg at Bernard Jacobson, William Coldstream at the Tate, are but three examples of thoroughly deserved reassessment and critical rehabilitation.

As for the living, Frank Auerbach at Marlborough, Bruce Maclean at Arnolfini, Gillian Ayres at Fischer, David Nash at the Serpentine, Lucian Freud at Saatchi, Phillip King at Rowan and Maggi Hambling at Jacobson, might all qualify in their time as having been truly avant-garde, but not now, save in the sense of their work being very good indeed.

And what about Dennis Creffield, with his cathedral drawings at Camden? Or Lawrence Preece at the Redfern, Norman Ackroyd the etcher at Cyril Gerber, Alison Britton with her sculptured pots at Contemporary Applied Arts? Or Ewan Henderson and his pots at Galerie Besson? Excellent, every one of them, and yet none of them seeking to push out the frontiers of modern art exactly, except in relation to the truth and rightness of what they themselves are trying to do.

With such senior academicians as John Ward and Leonard Rosoman – both of whom had distinguished shows this year – at Agnews, Maas and the Fine Art Society, both have remained innocent of serious critical consideration almost for their entire careers. Yet how clearly mistaken that neglect was.

The truth is, like Patmore's "glad ocean" coming and going, the individual and true artist will go on with his work on his own terms, "when none cares whether [he] prevails or not". At the Venice Biennale in the summer, huge, fascinating and enjoyable jamboree that it always is, I was not alone among my colleagues in regretting the dearth of art that was actually made, in the sense of being fashioned and crafted rather than merely assembled and presented; and what little there was, was being largely ignored.

Such work may be found, at every level, the mistake only is to believe that it has no current, modern, critical relevance. It is gratifying that so much of it is to be found in Britain, though whether the young are technically equipped to keep up the good work, I sometimes begin to doubt.

Sebastiano Ricci: woman carrying child

Keith Vaughan: Finistere fishermen

Cavel Weight: the quarrell

POP MUSIC

Cosy refuge for the middle-aged

Here's a paradox. As opera singers get young and trendy and classical musicians as common as muck, Pop music becomes the safe and cosy banker of the middle-aged artiste. They were all deserting their swimming-pools this year for a profitable wander down the Wembley Way. The Stones, Cher, Tina Turner, Fleetwood Mac, even the Grateful Dead. Across town were Bowie, Clapton and Dylan. Also taking in London were the slightly more agile Madonna and Prince.

The flow of Big Names provided a World Cup of Pop history. The Stones probably won – by playing the classics from the best rock back catalogue; by putting on a relaxed, professional show; and by having the best inflatables. Tina Turner was also impressive because she managed to convince me that she was responding to the affections of her audience rather than putting on an act.

By contrast, it is doubtful whether Madonna at Wembley could be reckoned a concert. It was a dispiriting exhibition of advanced aerobics, aimed squarely at the basic instincts of man. In the past you got the impression that Madonna thought sex was fun; now she seems to regard it as an easy way to make idiots of her audience. There was mild interest in assessing how much of the show was pre-recorded and it was undoubtedly mesmerising. But the after-taste was depressing.

Prince was scaled down and failed to boggle the mind, but Cher and Janet Jackson mounted entertainment spectaculars, a world away from the emotional heart of Pop, but almost giving value for money. In contrast, David Bowie went minimal and put on a depressing performance as a punk granddad in the alien atmosphere of the London Arena. There was little concern for production values in Bob Dylan's Hammersmith performances – just a quick hurtle through some songs he fancied playing with no concern for lyrics, melody, or audience: but his magnetism still holds.

Eric Clapton effortlessly made the elevation in 1990 from rock guitarist to soloist in the Albert Hall, where he played an unprecedented number of nights which he plans to exceed in 1991. It is so comforting to sit in plush and listen to the wild riffs of your youth mellowed through the years.

Probably the most exhilarating concert of the year was the Pixies at the Academy; the most enjoyable, the return of Kid Creole with his Coconuts to the Town and Country, easily the most atmospheric of rock venues; the most boring, Fleetwood Mac making little impression on Wembley Stadium. The best surprise: Barry Manilow at the Palladium, the biggest love-in since Woodstock.

Antony Thorncroft

Let's get the real disasters out of the way first: Tanita Tikaram's dreary precis of her recently-released second album at the Hammersmith Odeon, Los Lobos's crude, overloud appearance at the Town and Country, the Notting Hillbillies soporific works outing at the same place, 10,000 Maniacs' mixture of dullness and droll pretension.

For the rest though, I've been fairly lucky; perhaps there is a Parkinsonian law of rock gigs that the more obviously a concert is designed to promote a new album, the less likely it is to be worthwhile.

So two gifted instrumentalists without a hint of a new record to plug produced some of the most absorbing performances of the year: Ry Cooder with his fellow slide guitarist David Lindley holding a capacity Hammersmith audience spellbound for a two-hour wander through the eclectic byways of contemporary American rock; Nils Lofgren stepping out off the sidelines as Springsteen's lead guitarist to survey two decades of his own songwriting with charm, energy and marvellously refined guitar playing.

At the other end of the refinement scale were The Pogues, presenting what was undoubtedly the most alarming rock image of the year in the shambling, incoherent shape of Shane MacGowan, continuing his alcoholic slide towards self-distintegration that is charted in songs of such disquieting beauty.

Their Gallic equivalent, Les Negresses vertes, showed that a mixture of Perpignan slang, punk energy and every French popular-music cliché you could think of can produce music of considerable charm and staying power, while the Waterboys, so impressive on disc, seemed more intent on brandishing their hard-rock credentials in concert than recreating their own delicate brand of Irish roots music.

Laurie Anderson's latest multi-media show "Empty Places" finally arrived in the autumn, its vision of post-Reagan America bleaker than ever, the jokes harder to press home; but her music and sure eye for a telling image were as beguiling as ever; her future path remains impossible to predict. Equally hard to project into the future are Midnight Oil and their lead singer Peter Garratt, whose show at Wembley Arena in May sticks in the mind as the year's fiercest and most fervently energised; Garratt is a man with a mission, to save Australia from the Australians, to teach his compatriots to take care of their world and for each other. At the moment he is doing it, triumphantly, in his songs, but how long that will be enough remains to be seen.

Madonna

Andrew Clements

ARTS GUIDE

December 28-January 3

EXHIBITIONS

London

Hayward. Jasper Johns. Retrospective of the American artist. South Bank. Daily: Late closing Tue and Wed. Until February 3.
Royal Academy. Egon Schiele and his contemporaries. Major exhibition of Viennese paintaings, including Kokoschka and Klimt. Daily. Ends February 17.

Paris

Carte musées et monuments sold in museums and metro stations enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Grand Palais. Simon Vouet (1590-1649). The exhibition brings together paintings, drawings and tapestries by the Paris-born artist whose vast compositions decorated palaces and churches at the time of Louis XIII and Richelieu. Having returned from Italy inspired both by Caravaggio's realism and by the Venitians' luminosity of colour, Simon Vouet's influence spread through his pupils beyond his time and across frontiers.Closed Tue, Wed late closing night. Until February 13.
Louvre. Recent acquisitions of the Department of Objets d'Art.136 exhibits of medieval ivories and goldsmiths' work, of renaissance bronzes, enamels and majolicas and of 18th century furniture, tapestries and porcelain – many of which are royal gifts or royal possessions – have come to enrich and to complete the museum's collections. Hall Napoleon, closed Tues, ends January 21.
Musée Marmottan. Goya. Monet's museum plays host to four cycles of 218 engravings by Goya on loan from the Fundacion Juan Marcha. There are masterful renderings of bullfights, of lecherous men ogling young beauties abetted by harridans, there are monsters born from Goya's nightmarish imagination and – quite contemporary in their brutality – scenes of war and repression. 2, rue Louis Boilly. Closed Mon (42240702).
Galerie Maurice Garnier. Bernard Buffet – La Bretagne. In his unmistakable spiky handwriting, the painter beloved by the Japanese, pays homage to Brittany's ports and beaches. 6, ave Matignon (42256165). Closed Sun, Mon and lunchtimes.
Musée des Arts Decoratifs. Panoramic wallpapers. If a wealthy French bourgeois of the 19th century felt the need for changein his comfortable but somewhat boring life, a panoramic decor covering the walls of his salon would instantly transport him to an exotic scene. There was an endless choice of subjects and locations – Peru with lush palm trees, crusaders liberating Jerusalem or the 1830 barricades in Paris. 107, Rue de Rivoli (42603214), closed Mon, Tue. Ends January 21.
Louvre. Euphronios. Some 60 objects, craters, amphoras and bowls testify to the art of Euphronios, painter and potter in the 6th century BC in Athens, in mastering the technique of red figures on black background. Euphronios and his friends of the Pioneers Group brought invention and originality to their representations of mythological subjects and scenes from everyday life. Open all days from 12 am to 10 pm, except Tue. Ends December 31 (40205166).
Haboldt and Co. The newly opened gallery presents in its luxurious setting a selection of old masters from Holland, Germany, France, Belgium and Italy with names as diverse as Ter Borch and Canaletto, Boucher and Tiepolo. 137, Fbg. St Honoré (42895881).
Galerie du Carrousel. 19th century French masters. There are some remarkable small bronzes by Degas and Daumier, there are two or three oils, but the speciality of this small left-bank gallery remain drawings by the Ecole de Barbizon. Precursors of the impressionists, the Barbizon painters discarded both academic conventions and romantic dramatisation in favour of a simple, realistic vision of nature. 11, quai Voltaire (42611075). Closed Sun and Mon.

Brussels

Galerie Isy Brachot. An exhibition to celebrate its 75th anniversary: contemporary paintings.
Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development. Daily.
Musées Royaux d'Art et d'Histoire. Inca-Peru an exhibition that traces the evolution and decline of the Inca culture through 460 artefacts. Closed Monday, ends December 31.

Madrid

Centro de Arte Reina Sofia. After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Future: Italian art 1900-1964 is the most comprehensive show organised to date on 20th century art.
Museo Nacional Centro de Arte Reina Sofia. Giacometti, undoubtedly the most important retrospective organised to date of this Swiss artist's work. Some 300 works are on show including drawings, paintings and sculptures – half of these have never been publicly exhibited before.

Barcelona

Museo Picasso. Homage to Jacqueline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso, they married in 1958. The exhibition brings together some 150 works including portraits, paintings, sculptures, prints and pottery, in an important retrospective of the last 20 years of Picasso's artistic life and a homage to his favourite model. Ends January.

Rome

Spanish Academy. Small but delightful exhibition of works lent by the Barcelona Museum, at present undergoing restoration. All the works are of high quality, and offer astonishing contrasts of style from Zurbaran's sugary charm to El Greco's fierce mysticism. Included are two Italian works: Tintoretto's Portrait of a Gentleman and Bassano's Crucifixion. Ends January 9.
Villa Medici. Jean-Honore Fragonard and Hubert Robert. A large and fascinating exhibition (roughly 200 drawings and paintings) which offers a comparison between these two very different 18th artists, often depicting the same landscape. Fragonard appears extraordinarily modern using impressionist techniques 100 years before the term was coined. Ends February 24.

Berlin

Bruecke Museum, Bussardsteig 9. Around 152 master prints bythe expressionist artist Ernst Ludwig Kirchner (1880-1938) are on display until January 27.

Frankfurt

Staedel Museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. Among the other artists are the American sculptors Richard Serra, Amselm Kiefer aswell as sculptures in the garden by Per Kirkeby. Staedel, Schaumainkai 63. Ends January.

Bremen

To commemorate the 100th anniversary of the constructivist painter Walter Drexel a retrospective is being held. He worked as painter, advertising manager and teacher. Ends January 13. Kunsthalle am Wall 207.

Suttigart

Staatsgalerie. Konrad-Adenauer-Str. 30-32. Retrospective of the Italian painter Giuseppe Maria Crespi (1665-1747) with around 80 paintings. Ends Feb. 17.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter.
Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.
Douglas Drake Gallery. David Hockney prints and photographs. 50 W. 57th St.
Museum of Modern Art. High and Low: Modern Art and Popular Culture may have too broad a theme in highlighting common objects, like newspaper fragments in Cubist works, in 20th-century art, but it brings together a wide range of works by Dubuffet, Duchamp, Picasso, Warhol, Lichtenstein, among others.

Washington

National Gallery. The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces borrowed from around the world and mixed with the gallery's own fine collection. Ends Feb 24.

Chicago

Art Institute. One of Chicago's most noted conteporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.
Terra Museum of American Art. Winslow Homer in the 1890s focuses on the artist's Maine landscapes done at Prout's Neck. 664 N. Michigan Av.

Jack and the Beanstalk

SHAW THEATRE

A couple of hours after tumbling down a ten-foot shaft and squashing half the stage crew, Suzy Aitchison was shinning up a beanstalk as to the mandrake born. In the circumstances, it was hardly surprising that the first half of this hearty community panto was a little flat on opening night, although Jack herself appeared to be full of beans.

Aitchison is the best sort of principal boy – gutsy, warm and conspiratorial with the children when the script so often seems to conspire against them. It is not that the writer, Robert Packham, goes in for the usual *double entendres* (the Shaw panto has built its reputation on avoiding all the 'isms – sexism, racism, you-name-it-isms – but he does like to pack in the political puns. One of these – use of Major as a proper name rather than an adjective – required a signal from the orchestra pit to make itself understandable even to the adults in the house. However, these are still early days...

More seriously, his script could do – in Crazy the Cow's own terms – with some licking into shape. The beanstalk narrative is not introduced until an hour into the evening, while Crazy themselves (to puncture the illusion) are only rescued from a fate worse than debt by the timely intervention of the curtain call.

There are undoubtedly theses to be written on the damaging psychological effect of failing to redeem the pantomime cow from the magic bean merchant in an avowedly anti-materialist pantomime. But damaged as they might be, there was little sign that the children of Camden were disillusioned, even when Dame Anastasia confessed that she had forgotten the list of birthday names and had only 10 Smarties to give away.

Rodney Bewes' dame is an increasingly splendid cross between Barbara Cartland and the Queen Mum, whose initial restraint yields to a delighted caper in the singalong, while the comic duo of Pat Abernethy and Dave Marsden proves an adept stoker of the collective mood, even if one could never quite see why.

The coup of this second panto under the Shaw's new management is that it is there at all. The theatre was a civic albatross under council control, but has proved a flyer in the hands of its own stage crew, who remarkably staged a management takeover. It continues to provide one of the capital's best-value pantomimes.

Claire Armitstead

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Slow growth, Japanese style

THE PERFORMANCE of the Japanese economy over the past decade has been astounding: economic growth has averaged over 4 per cent per year since 1980, while unemployment and inflation have remained low by international standards. Barely managing to conceal their envy, some western observers persist in predicting disaster around the corner. They are likely to remain disappointed.

Their jealousy is understandable. Productivity has grown by an average 3 per cent a year since 1980, while private non-residential investment has grown at 9 per cent.

Whether desirable or not, it has also proved possible to reduce the current account surplus, from 4.3 per cent of gross national product in 1986 to a likely 1.5 per cent in 1990, with import volumes having grown four times faster than exports. Next year's budget provision for a 5 per cent rise in public investment is commendable, particularly if local government also raises its spending as promised.

Over the past year, however, the Japanese economy has looked less secure. The monetary stance has been progressively tightened since mid-1989, following a period of over-loose monetary policy. Higher interest rates pricked the Tokyo stock market bubble, thus exposing weaknesses in the balance sheets of Japanese banks and real estate companies. A similar collapse in land prices would lead to further bankruptcies of property companies and perhaps of regional banks. But the feared sharp fall in land values has failed to materialise.

Underlying strength

So far the underlying strength of the Japanese economy has prevailed over the financial fragility. Business confidence remains at historically high levels, while corporate investment plans for the 1990-91 fiscal year have been revised upwards, according to the latest Bank of Japan quarterly survey. The OECD's latest survey of the Japanese economy forecasts private non-residential investment growth of 6.2 per cent next year, which is only disappointing when set against 14.4 per cent growth in 1990. It also forecasts GNP growth of 6 per cent this year, falling to 4 per cent in 1991.

Inflation, rather than recession, remains the main threat to economic stability. The Bank of Japan survey shows that the number of companies expecting to raise prices is now higher than at any time since 1980. Wholesale price inflation rose by 0.5 percentage points, to an annual 2 per cent between October and November, while consumer price inflation in Tokyo rose to 3.9 per cent.

Inflationary risk

The main inflationary risk comes from the increasingly tight labour market. Job offers exceeded job seekers in October by a ratio of 1.42, with vacancies particularly high in the service and retailing sectors. If nominal demand growth remains high, and inflation continues to rise, the Bank of Japan would be well advised to keep interest rates high at least until after the spring wage round, despite the desire of the ministry of finance to see an early cut.

Yet the risk of accelerating inflation should not be overstated, particularly if business prospects deteriorate. The yen appreciation of recent months will reduce import prices and ease inflationary pressures.

In Japan labour is likely to remain relatively scarce into the next century, as the population ages. But recent investment in production facilities abroad, and labour saving machinery at home, will continue to offset these labour shortages by raising the capital-labour ratio and thus real wages. Increases in the relatively low participation of women in the labour force, which is owed in part to outdated regulations that restrict women's employment opportunities, would further offset labour scarcity.

Japan will face few problems in adjusting to structural changes, particularly if obstacles to lower land and retail prices can be removed. In the short term, however, Japan may face a growth recession, a period of below average economic growth. If only the western capitalist economies could have recessions like those of Japan.

Benefits from foreign flows

THE sharp increase in direct investment flows and cross-border deals has been one of the more striking features of the world economy over the past half decade. How long can it continue without a more serious political backlash?

In Britain GEC has divested large parts of its business to French and German owners without encountering undue criticism; control of the remaining indigenous computer manufacturer ICL has gone to Fujitsu of Japan without provoking more than a murmur. Under a Labour government it might have been different. And in the US, which accounts for more than half all inward investment in the OECD area, the climate is unquestionably more hostile.

The incursion by Sony and Matsushita of Japan into Hollywood has touched an oddly sensitive part of the American psyche. So, too, has the recent decision by Toyota to expand its production capacity in Kentucky at a time when US domestic car manufacturers are cutting back. The earlier Japanese investment in New York's Rockefeller Centre met with a chorus of complaint.

These worries are not entirely without foundation where publishing, television or films are concerned, in that foreign owners might be tempted to impose censorship, especially in relation to their own national sensitivities. But the economic objections are another matter, since they rest on an outdated conception of comparative advantage.

Global markets

In the 19th century, national competitiveness reflected countries' different relative endowments of land, labour, capital and entrepreneurship – factors of production which were largely immobile. Today only land is fast fixed; and the economic performance of countries like Japan, Singapore, Hong Kong and Switzerland shows that a lack of land and natural resources scarcely amounts to a handicap. Capital and labour markets increasingly operate globally. And while few corporations conduct their affairs on a truly global basis, trade between foreign owned firms and their home countries still accounts for half of total trade flows.

The advantages of such foreign direct investment are similar to the gains associated with trade. Specialisation across national boundaries allows firms to reap economies of scale. Returns increase, competition intensifies and foreign firms' superior technological and managerial skills are disseminated through the host economy.

Job fears

The costs of such inward investment are social, arising from transitional unemployment as structural adjustment takes place. There is also the risk that an economy which is excessively dependent on foreign investment may suffer from the "branch plant" syndrome, whereby head offices are more inclined to close remote foreign factories than plant back at home – though the evidence here is far from conclusive.

In this global environment, it is natural that people should worry about jobs being exported and about foreign firms preferring to invest in research and development and manufacturing capacity in the home economy. Yet recent research suggests that some multinational corporations behave in a more complicated way. IBM staff in Switzerland carry off Nobel prizes for research on superconductors, while a few multinationals have even transferred from their home base global responsibility for product development within selected divisions.

In reality, the world's largest companies tend increasingly to direct sophisticated work to those parts of the world that offer highly trained workers, while the less taxing jobs go to where labour is cheapest. Competitiveness becomes associated partly with firm-specific organisational skills; but perhaps more importantly with a country's endowment of human capital, reflected in superior education and its investment in infrastructure. It follows that policy should aim not to exclude Matsushita or Fujitsu, nor to create national champions to take them on. The real need is to ensure that human capital and infrastructure are of a quality to attract continuing investment inflows.

"Out of these troubled times, our fifth objective – a new world order – can emerge: a new era – freer from the threat of terror, stronger in the pursuit of justice and more secure in the quest for peace. An era in which the nations of the world, east and west, north and south, can prosper and live in harmony.

"A hundred generations have searched for this elusive path to peace, while a thousand wars raged across the span of human endeavour, and today that new world is struggling to be born. A world quite different from the one we've known. A world where the rule of law supplants the law of the jungle. A world in which nations recognise the shared responsibility for freedom and justice. A world where the strong respect the rights of the weak."

Power will have to be shared more broadly if President Bush's vision of a post-cold-war era is to be fulfilled, says **Edward Mortimer**

Reality v rhetoric in new world order

The words are those of President George Bush, in his speech to both houses of the US Congress on September 11. But they could have been lifted almost verbatim from speeches by at least two of his predecessors – Woodrow Wilson, who took America into the first world war, "the war to end war", and became the main architect of the Versailles peace settlement and the League of Nations; or Franklin D Roosevelt, who led the victorious coalition against fascism in the second world war and was in his turn the main architect of the United Nations Organisation.

In neither case did the reality live up to the lofty presidential rhetoric. Within 20 years after the Paris peace conference Wilson's brave new world had given way to the darkening skies of the 1930s: the League of Nations proved impotent in redressing a series of aggressions by expansionist powers, and the world faced a new conflict even more devastating than that of 1914-18. And within three years of the Allied victory in 1945 the UN was paralysed by bitter confrontation between the former allies.

If Europe this time was spared further devastation, it was not thanks to any new harmony or respect for international law but only to the balance of terror between two nuclear superpowers. Central Europe became the frontline in the cold war, with the greatest concentration of weaponry ever seen in world history. Eastern Europe languished under communist regimes imposed by Soviet force. Much of the rest of the world was plagued by regional conflicts which the UN Security Council was powerless either to settle or to deter. Its permanent members, themselves protagonists in the cold war, were usually more inclined to arm the warring parties, in their search for clients and allies against each other, than to co-operate in imposing a ceasefire and a just peace as the UN Charter required them to do.

In the light of those gloomy precedents, one might think Mr Bush would have been more modest in defining his objectives as he sent yet another massive US expeditionary force across the Atlantic to redress the balance of the old world. In part, perhaps, he was responding to a strong and continuous strand in American culture: the belief that a supreme sacrifice is worth making only for the sake of a supreme good, and that the projection of American power overseas can be justified only if the effect is to spread worldwide the virtues and the benefits of American democracy.

Yet it was not only and perhaps not even mainly Americans who felt that 1990 was an appropriate time to make another effort to achieve that elusive goal of a peaceful and orderly world. Probably that feeling has been most widespread in Europe, since it is there that the most striking and beneficial changes have come about with the end of the cold war.

The sudden collapse of the communist regimes throughout east-central Europe at the end of last year, followed by agreements on the withdrawal of Soviet forces from the region; the deletion of the leading role of the Communist party from the Soviet constitution, followed by Soviet acceptance of market economics and multi-party democracy as pan-European norms; Nato's declaration in July that it no longer sees the Soviet Union as an adversary; the peaceful unification of Germany, within Nato yet with Soviet blessing; and the treaty on Conventional Forces in Europe signed in November: all these events have encouraged many Europeans to hope that the era of armed alliances and mutual distrust is at last at an end, and that an era of free interchange and mutual assistance may now be beginning. If consensus on a new order can be achieved in Europe, among the world's most powerful industrial nations and across what was the frontline of the cold war, should it not be possible to extend its benefits to the whole world?

George Bush

Franklin Roosevelt

Woodrow Wilson

The central idea in the UN Charter is, after all, that the great powers, as permanent members of the Security Council, should act in concert to maintain world order. The cold war, which divided the great powers against each other, was widely seen as the principal reason why the charter had been so inadequately implemented. If that was correct, then it was reasonable to see the end of the cold war as a promising moment for a new attempt to make the charter work.

There were signs of this as early as 1987, when the five permanent members came together to draft Security Council Resolution 598 calling for an end to the Iran-Iraq war, which was eventually accepted by both parties. In September of that year Mikhail Gorbachev published an article in Pravda, calling for a revival of the UN, while Eduard Shevardnadze, in a speech to the general assembly, suggested joint action to ensure the safety of shipping in the Gulf. The following year saw a veritable deluge of Soviet suggestions for making greater and better use of UN machinery. All this was in marked contrast to the traditional Soviet attitude to the UN, which had been one of scepticism and obstruction, especially whenever military action was mooted.

The US too had become disenchanted with the UN over the decades, partly because Soviet obstructiveness paralysed the security council, partly because decolonisation had brought about a third world majority in the general assembly which frequently spoke and voted for resolutions condemning the US and Israel. But in the late 1980s many third world governments, faced with mounting economic problems, came round to a more pragmatic approach.

Thus George Bush, a former US ambassador to the UN, assumed the presidency at a favourable moment, when progress was being made towards settling a number of regional conflicts through superpower co-operation, with some UN involvement. It is not really surprising that, confronted with so radical a challenge to world order as Iraq's seizure of Kuwait, he should have chosen to place his response firmly within the framework of the UN Charter, in a way that would probably not have occurred to his predecessor.

Yet as 1990 draws to its close, the omens for a brave new world based on the charter do not look too promising. True, the unanimity of the security council, extending even to the authorisation of military force if Iraq does not withdraw from Kuwait by January 15, has so far been impressive. But will military force, if it is used, really be perceived throughout the world, and more especially in the region where it is used, as the force of the international community? Or will it be seen as the force of the last remaining superpower, no longer fettered by fear of reaction because its rival superpower has suddenly been transformed into yet another enfeebled client, clutching at American support in a desperate and probably vain attempt to save itself from chaos and disintegration?

It would be coincidence indeed if the charter drafted in the mid 1940s, after proving inapplicable to the realities of world power in the 1950s, 60s, 70s and 80s, suddenly turned out to fit those of the 1990s. Such is clearly not the case. In fact it did not even accurately reflect the realities of 1945, when there were not five great powers but three, one of which (Great Britain) was living the last hours of its imperial glory. France was added essentially to keep Britain company, and China at the insistence of President Roosevelt who saw it, mainly on the strength of its population, as the future leader of Asia. That insight may perhaps prove to be correct some time in the 21st century, but so far China's size has been a factor encouraging it more to isolate itself, absorbed in its own vast problems, than to project power outwards into the rest of the world.

Germany and Japan, the defeated powers of 1945, were of course excluded from the counsels of the victors. It is a pity that the latter's wisdom in abandoning plans for the dismemberment and "pastoralisation" of their defeated enemies, and in resolving to rebuild them as stable and peaceful democracies, was not matched by any provision to welcome them in the inner councils of world power once that process was complete. The result is that today two of the world's three leading economic powers are not members of the security council, the body which purports to concentrate power in one place and use it for the common good.

Not only that: the process of their rehabilitation has involved a deliberate shunning of the use of military force, even for the most benign and legitimate purposes, and an aversion of their eyes from the idea of global power and responsibility. A new world order can hardly function without their full participation. Yet they seem ill-equipped and ill-disposed to shoulder the burden.

Britain and France, by contrast, still like to think of themselves as global powers, but lack the weight to be much more than *la mouche sur le coche* of American leadership: like Lafontaine's fly, they pride themselves on driving the team forward, but are perceived by the cart-horse itself as little more than an irritant.

As for the Soviet Union, virtually nothing can be predicted about it in its present state. It may revert to being xenophobic and unco-operative. It may remain supportive, even deferential towards the west. It may cease to exist. The one thing that it seems safe to rule out is that at any time in the next 10 years it will be able and willing to act as an equal partner with the United States in projecting power throughout the world.

Nor is it clear that the US would really welcome that. American enthusiasm for multilateral institutions is, as a general rule, in direct proportion to the degree of control over them that the US is able to exercise. If war breaks out in the Gulf, Americans will no doubt complain bitterly about the high proportion of American casualties as compared with those of their allies. But there is little sign that they would actually be willing to share the leadership of the operation with other powers. The US Congress has complained, quite rightly, that the president did not consult it when, just after the mid-term elections in November, he suddenly announced a doubling of US forces in the Gulf, thereby drastically shortening the time that those forces can be kept in place and locking himself into a strategy leading to a military offensive. Yet there is no evidence that he consulted any of his allies either.

So what we see is not a genuine coming together of world powers to act in concert, but rather an assertion of American leadership which most of the rest of the world feels obliged to go along with. It is far from clear that the American people have the will, even if they have the means, to go on running the world on this basis for any length of time, and equally unclear that the rest of the world will be willing to accept it beyond the immediate circumstances of the present crisis. Even in the present crisis, the US-led coalition may not survive if and when hostilities actually break out. For the longer term a new world order, if it is to have any chance of success at all, will have to be based on a broader and more genuine sharing of both power and responsibility.

A people hungry for peace

The taxi-driver in Baghdad points to the scar left by a bullet wound in his neck, and tells, in faltering English and mime, how it was war that set him up in business in the first place.

Illiterate and unskilled, it seems, he was conscripted to fight in Iraq's eight-year conflict with Iran. Having been wounded in action four times and twice decorated for bravery, he was rewarded by the government with the car that is now his livelihood.

That aside, he seems unhappy about the prospect of another war just two years after the end of the last one. "Too much fighting," as he puts it. So is he against President Saddam Hussein?

"No, I like the president," he says with a grin. "Everybody like the president. Somebody not like the president – *fffsht*." (He draws a line across his throat.) "He die."

And that is more or less it. In a country where disloyalty to the regime is ruthlessly expunged by the internal security services, it is brave man who entrusts even a friend with a political opinion.

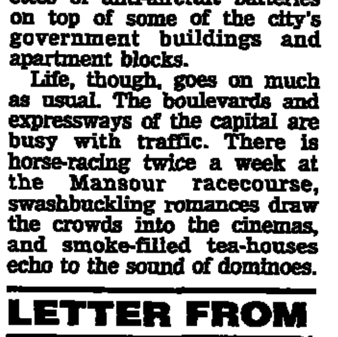
If there is dissent within Iraq over the looming danger of war in the Gulf, however, it is well-disguised. Over the past week or two, some Iraqi cities and towns have seen civil defence exercises and evacuation drills, while television broadcasts and newspaper announcements have been telling people daily what to do in the event of air raids and chemical or nuclear attacks.

Owners of apartment buildings have been told to clear out their cellars, paint them (nobody seems quite sure why), and get them ready for use as air-raid shelters. Blackout regulations warn smokers to extinguish their cigarettes when the sirens sound.

In Baghdad, people staying on the upper storeys of the big hotels can, if they squint hard enough, make out the silhouettes of anti-aircraft batteries on top of some of the city's government buildings and apartment blocks.

Life, though, goes on much as usual. The boulevards and expressways of the capital are busy with traffic. There is horse-racing twice a week at the Mansour racecourse, swashbuckling romances draw the crowds into the cinemas, and smoke-filled tea-houses echo to the sound of dominoes.

LETTER FROM



BAGHDAD

Perhaps the biggest surprise for visitors to the capital of a country supposedly besieged by economic sanctions is the sight of shops crammed with food, clothing, household goods and consumer electronics.

Some of the non-Iraqi goods are brought across the desert from Jordan, and others – notably rice, nuts and fruit – arrive clandestinely from Iran. But easily the largest source, particularly of luxury items, is the vast stockpile looted from Kuwait.

To people with dollars in their pockets – Iraqis as well as foreigners – the goods in the shops look cheap. Officially, \$1 buys barely a third of an Iraqi dinar, but on the black market it buys up to ID5.

An ID15 can of beer in a hotel therefore costs \$45 at the official rate, but as little as \$3 for those preferring (as most do) the risk of execution to the bank rate.

Visitors tend to translate the shop prices of goods into dollars at the black market rate. But to the ordinary Iraqi on an average monthly pay of about ID200 – a figure unchanged over the years as the dinar's value has plunged – the official exchange rate is closer to reality.

On this basis, prices are outrageously high. A tray of 30 eggs, for example, costs about ID7.5, or \$22.50 at the official rate; a packet of cigarettes ID3.5 (\$10.50); a kilo of rice ID4.5 (\$13.50); and a pair of unexceptional imported shoes ID150 (\$450).

Iraqis enjoy some protection from high and rising prices through the heavily-subsidised rationing of essential goods such as rice, flour, cooking oil and sugar. But the rations fall short of their usual needs, leaving people to supplement their diet on the open market.

If this is causing distress, it does not show. "I am Iraqi: I have enough," says a man working in a travel agent's office in the back streets of Baghdad's old city. "The essentials are provided. If people want to buy fruit or something else, that is for them."

He firmly believes in the justice of his country's invasion of Kuwait. Iraq's claim on the state has a longer history than some in the west realise: the government attempted annexation once before in 1961. But is it worth dying for?

"Of course we want peace. Of course people are afraid of war. But the decision is not for Iraqis to take: if the Americans want war, then that is for them to decide. If it is necessary, then Iraqis will fight."

The words seem to represent the prevailing sentiment in Baghdad. To the despair of liberal Iraqi intellectuals, they could also have come from President Saddam himself. At the beginning of the year, intellectuals were optimistic as pressure for reform forced the regime into relaxing foreign travel restrictions and promising a new constitution.

Now, they are disillusioned. President Saddam, they fear, will come out of the present crisis even stronger than before. He will use it to reunite Iraqis behind him in a surge of patriotism, but turn back at the point which would lead the west to seek his destruction.

Diplomats in Baghdad agree. Iraqis, they say, war-weary after the long conflict with Iran and frightened at the thought of America's destructive power, are ready to swallow any justification for a peaceful outcome.

"The day Saddam pulls out of Kuwait, he will be the most popular man in Baghdad," says one.

The president is playing a dangerous game, however – and not just because of the risk that he could take brinkmanship too far. He may also be gambling on his chances of the food and fuel stocks holding out until the crisis is over.

Some diplomats believe President Saddam is allowing consumption to continue at present rates on the assumption that a resolution will emerge by January 15. Recent statements by the US that it will not be ready for an offensive until February could be aimed at testing that hypothesis.

Those who favour reform remain gloomy over the prognosis. With opposition almost totally eradicated in Iraq, they say, there is no focal point for the expression of dissent.

Hunger, though, is a powerful political force, and an unfamiliar one in Iraq. The day the food stocks start to run out, it may take more than giant posters of Saddam at every street corner to keep the people loyal.

Richard Tomkins

After the excesses of the 1980s, the US financial sector faces a period of expensive rehabilitation, write **Martin Dickson** and **Alan Friedman**

Hung-over from a decade-long party

Frightened and hung-over from a decade of intoxicating excess, the US financial system is approaching 1991 in a more fragile state than has been the case for many years – and the malaise threatens severe repercussions for the economy and corporate competitiveness.

Historians will probably see 1990 as a significant turning point after the credit excesses of the 1980s, the year when some of the nation's richest and most famous were transformed into villains or laughing stock. Mr Michael Milken, Drexel Burnham Lambert's junk bond king, is on his way to jail. Mr Donald Trump, the real estate developer, is living at the mercy of his bank creditors.

But 1990 saw only the beginning of a cleansing process that is likely to continue during the first half of this decade and could be extremely painful, involving big bankruptcies and balance sheet restructuring across corporate America and a shrinking of the financial industry that services it.

For the US has entered a recession with its financial system in remarkably poor structural shape for this point of the business cycle. Its lending institutions, weighed down by runaway overheads, mounting problem loans and overvalued real estate assets, are squeezing credit, while its corporate sector is ending eight years of economic growth with its debt burden extremely high.

The cleansing process is likely to continue during the first half of this decade and could be extremely painful

The most powerful signs of these problems are in the commercial banking sector, where failures are expected to rise and a wave of mergers is likely in a drive to slash operating costs. But what is most remarkable about the present crunch is the very wide range of institutions affected:

- The savings and loan industry is in a crisis that could cost the US taxpayer some $500bn over the next 20 years.
- The insurance industry is suffering from assets of questionable value – junk and real estate – at a time of excess capacity and a cyclical trough on the property/casualty side, and a life business which is being squeezed by some fancy new policies written in the heady days of the 1980s. Although the industry overall remains sound, insolvency fears persist.
- In the corporate sector, bankruptcies and defaults on debt were on a sharply rising trend long before the recession set in during the autumn.
- In the real estate market, there is an overhang of property held by the Resolution Trust Corporation (RTC), the federal agency that is meant to clean up the S&L mess. Values have been plunging.

Dr Henry Kaufman, the New York pundit who repeatedly forecast in the 1980s that the credit boom would lead to a bust, senses vindication: "America has had credit woes before, but at no time since the 1930s have they been so oppressive or involved as wide a range of participants."

Wall Street, which has never fully recovered from the 1987 equities crash, is in the throes of a second wave of retrenchment following the collapse of the junk bond market at the start of this year, a sharp fall in takeover business, and reduced commissions on new issues of securities.

Another 40,000 jobs could go over the next two years, bringing to 80,000 the number lost since 1987, and reducing employment in the industry to about 180,000.

But Wall Street was hardly alone in creating the credit binge. Commercial banks, concerned at the diminishing profitability of many of their established lines of business, threw themselves into lending to real estate and highly leveraged takeovers.

With hindsight the craze seems as foolish as had been the earlier race into Latin American sovereign debt – and only compounded difficulties left by the previous lending wave.

After starting in recession-hit New England, serious loan problems are now hitting hard at the big New York banks, such as Chase Manhattan and Citicorp, where there have been savage staff cuts, mounting bad debt reserves and slashed dividends.

"There is a lot of truth in the fear," says a senior banker in New York, "but there is also a lot of hysteria. One big problem is that US bank regulators are so hostile to us."

Many bankers criticise tough regulators for having compelled them to classify more loans as non-performing; this, they say, hastened the credit crunch during 1990 by making lenders excessively cautious.

Two months ago Mr Robert Clarke, the Comptroller of the Currency, warned bankers that they were losing credibility with Wall Street, Washington and the general public. Mr Clarke told the bankers they needed to shape up, return to basics and stop cutting corners. It was an unpopular speech among the bankers themselves, but many analysts say Mr Clarke was spot on.

The Federal bank insurance system is meanwhile running out of money and faces an estimated $9bn outlay for rescues during the 1990-91 period. Put simply, federal regulators are bracing themselves for a string of bank failures, beginning in the north-east. Moreover, it seems they are prepared to allow several medium-sized institutions to go to the wall.

A moderately severe scenario was sketched recently by Mr David Cates, chairman of W.Ferguson, the Washington-based bank consultants. Mr Cates examined how the 13,000 institutions in the US banking system would fare if they were to write off 30 per cent of all non-performing assets as of the end of June 1990, including 5 per cent of commercial real estate loans. His model supposed that loan loss provisions would be rebuilt to 1¼ per cent of total loans.

The result of this analysis is that some 1,500 banks would have equity-to-asset ratios of less than 2 per cent, or half the regulatory minimum. These banks would account for 34 per cent of the industry's total assets and even if only one third of these banks failed the net bail-out costs to the Federal insurance fund would reach $60bn, or more than seven times the level in 1988 and 1989.

Mr Martin Barnes, of the International Bank Credit Analyst, a respected forecasting consultancy, is also gloomy: "There is no hope of an early decline in loan losses. Problem loans lag the economic cycle and therefore will escalate in 1991. Major bank failures are likely next year and the number of money centre banks will shrink."

All of the top money centre bank chairmen – including Mr John Reed of Citicorp, Mr Tom Labrecque of Chase, Mr Walter Shipley of Chemical and Mr John McGillicuddy of Manufacturers Hanover Trust – have acknowledged the possibility of large-scale mergers as the sector's shake-out proceeds.

Unfortunately, there is no indication that the worst underlying problems will dissipate quickly. For example, the commercial real estate market is deemed by top industry executives to be so weak that it could remain flat for up to five years. The deterioration of the north-eastern economy is so severe that a growing number of leading New York executives from banking, the media, advertising, retailing and other sectors speak in private of a possible "contained regional depression".

With few exceptions, corporate America is likely to face tumbling profits during the first half of 1991 and a scarcity of capital for new investments, and for growth by acquisition.

What merger activity there is looks likely to be dominated by two trends. One is strategic takeovers aimed at rationalising cost structures and combining market share – although in recent months several such deals have failed because banks have been reluctant to provide finance. The other is bids from abroad, encouraged by the weak dollar and the cheapness of US corporate assets.

The largest and most successful US industrial groups may continue to push into Europe, but the financial services industry, especially the commercial banks, is likely to continue its retreat from the international stage.

Thus much of US business could find itself financially weak and turning inward at the very moment when it is in danger of being squeezed by Europe and Japan.

It is not that the US financial system is about to collapse, but the convergence of structural problems suggests that recovery from the present recession will not be quick. The decade-long financial party is over, but the bill is only starting to be paid.

The broadcasters' biggest gamble

Raymond Snoddy looks at the competitive tender battle for next year's ITV franchises

Mr Richard Dunn, chief executive of Thames Television, has placed a small bet on one possible consequence of next year's competitive tenders for ITV franchises. The bet is that sometime in 1991 a member of the new Independent Television Commission will say: "There must be a better way."

The phrase was first used by Lord Thomson, former chairman of the Independent Broadcasting Authority, in the wake of the award of the present franchises, 10 years ago today. It reflected dissatisfaction with the "beauty parade" behind closed doors where the right to become a commercial broadcaster in the UK was dispensed or taken away.

None of Britain's commercial broadcasters believes that the new way – ultimately determining the future of most of the 16 ITV companies by the highest bid in a sealed envelope – will turn out to be any better than its predecessor.

"No government in the world would allow a major national network to be disposed of in such an unpredictable fashion," says Mr Dunn. Admittedly, he has his own particular problems at Thames: the company's two largest shareholders – BET, the industrial services group, and Thorn EMI, the music,lighting and defence group – have been trying since March, so far unsuccessfully, to sell their 56 per cent stake in Thames.

Mr Greg Dyke, managing director of London Weekend Television, is even more emphatic. "It is clearly a ludicrous system," he says. In deciding how high to pitch his bid, says Mr Dyke, he is faced with five, academically respectable but different, forecasts on the future of the UK economy. Which one he chooses could affect not just the chances of winning but of being able to pay the amount promised to the Treasury in the bid – a sum that will rise every year in line with retail prices.

The final irony for the ITV companies as they prepare bids for submission in April is that one of the most determined supporters of competitive tenders has recently wondered aloud whether or not she might have been wrong.

At a recent lunch in Norwich, just before she resigned, the then prime minister, Mrs Margaret Thatcher, reportedly told Anglia Television chief executive Mr David McCall that maybe it would have been better to have let existing franchises continue. Takeovers could have allowed new players to enter the market and encouraged efficiency.

But that is history now. The competitive tenders are enshrined in the Broadcasting Act, hundreds are losing their jobs to cut costs and one day in October 1991 the 16 ITV companies will be summoned to the Independent Television Commission (ITC) in London to see whether for them the price has been right.

The companies, all but the smallest (in the Channel Islands) publicly quoted, will be told whether they have lost the heart of their businesses or won what amounts to 20-year commercial television franchises.

The new bidders so far look like including Lord Rothermere's Associated Newspapers, MAI, the advertising and financial services group, Mr Richard Branson's Virgin Group and Mr Michael Green's Carlton Communications.

The fact that the award of franchises is being decided on the basis of blind cash bids make it impossible to predict winners and losers. However three companies face more uncertainty than most: Thames, until its gets the ownership question settled, TVS Entertainment where Mr James Gatward recently gave up the group chief executive title to concentrate on running the TV company, and to a lesser extent Central where Mr Robert Maxwell, the publisher, is trying to sell his 20 per cent stake.

In spite of such individual difficulties the balance has shifted in favour of the incumbents as the "quality threshold" all applicants must clear has been steadily raised through amendments to the Broadcasting bill, in part to reflect concerns about quality programming.

The ITC's expectations of programme quality and diversity are little different from the obligations now imposed on ITV. The commission also has the right to prefer an exceptionally high quality proposal over the highest cash bid. Other unspecified exceptional circumstances could include the need for continuity.

Nevertheless, Mr Leslie Hill, managing director of Central, the second largest ITV company, believes it is possible that as many as five companies could lose the right to broadcast this time. In the past there have tended to be solitary sacrificial victims.

Will it be the end of the world for those companies that do lose their franchises? Not quite.

Miss Bronwen Maddox, television analyst at Kleinwort Benson, believes that the worth of individual ITV companies without their franchises would range from 60 per cent to 120 per cent of current value.

Thanks to the growing international programme market, satellite television and the independent production sector, death at the hands of the ITC will leave the losing companies free to pursue other options. If Mr Clive Leach, managing director of Yorkshire Television loses – he does not believe he will – he will have a number of options for staying in business, ranging from remaining a large programme producer, bidding for the new Channel 5, amassing 20 per cent stakes in winning companies or, from 1994, trying to take over those who have overpaid for their licences.

Mr Dunn of Thames estimates about half his £250m a year business could be saved if the franchise went. Production would continue and programmes such as The Bill and This Is Your Life, now supplied at cost as part of the ITV network agreements, would be sold to the highest bidder. Mr Dunn has also hedged his bets by reserving two channels on an Astra satellite just in case.

But notwithstanding all these side bets, the biggest prize for all the bidders is still the right to broadcast programmes and sell advertising nationwide to the largest mass market available.

LETTERS

Real audit reform needs statutory regulation

From Mr Austin Mitchell MP.

Sir, Mr M.A. Scicluna's defensive and self-interested reactions to proposals for auditing reforms shows an appalling lack of awareness of realities in this field. They also misrepresent my own views.

Mr Scicluna is clearly not aware that DTI inspectors have been arguing that the provision of non-auditing services impairs auditor independence. He has clearly not seen the results of any surveys either. He is not aware of the published research which has shown that the businesses relying on auditors for auditing and non-auditing work incur greater costs than those which approach separate firms for the two kinds of work.

On the rotation of auditors, Mr Scicluna is clearly not aware of the recommendations of the Grays Building Society inspectors or of his own professional body's report on the collapse of the Glamorgan Building Society which recommended a compulsory change of auditors. The Levitt Group has been audited by the same firm since 1977. A compulsory change of auditors would certainly have provided a new focus.

The professional rules on independence were drawn up by faceless people who never consulted the membership, far less any member of the public. No mechanism has ever been suggested for monitoring compliance with such rules.

Mr Scicluna ought to know that the duty to report fraud which I want applied to all public limited companies is not enshrined in law. For too long, the profession has been allowed to get away with denying responsibility for reporting on fraud, financial unsoundness and the likelihood of bankruptcy. Parliament should be the judge of public interest, not an unelected trade association.

If auditors are to be effective they must be given backbone through a statutory body and have teeth. Some are too willing to accommodate dubious practices, and the public ends up being the loser. Professional bodies are trade associations and cannot be both regulators and the regulated.

Mr Scicluna does not mention that the Institute of Chartered Accountants has always opposed reform. It opposed publication of profit and loss account, audit report, turnover and need for inflation accounting. It has been pushed into half-hearted reforms only by the welter of scandals, but the masses that are now emerging really require Parliament to act by imposing the same independent statutory regulation other countries have.

Austin Mitchell,
House of Commons,
Westminster, SW1

Heseltine and local government

From Mr Derek Antrobus.

Sir, Mr Michael Heseltine has rejected the suggestion that an independent commission should be established to review the finance and structure of local government. Instead, he appears to seek a parliamentary consensus informed by interest groups.

If Mr Heseltine's aim is to secure a stable relationship between local and central government, he should beware of placing too much reliance on a parliamentary consensus which can only be of a fragile and temporary nature – as witnessed by the past 11 years of his own party's antipathy towards local government.

The essence of any future stability in central-local relations must involve either local representation at the centre (as, for example, in the second chamber of France and Germany) or some constitutional guarantees (such as adoption of the draft UN charter on local self government). An independent commission would be better equipped to look at such issues than parliamentarians.

At the moment, though, it looks as though Mr Heseltine will be plagued by the suspicion that he does not intend to take central-local relations out of the political arena, but merely stop the poll tax being a political issue in the run up to a general election.

Derek Antrobus,
191 Manchester Road,
Swinton, Manchester M27

In defence of UK furniture makers

From Mr J.H. Sacks.

Sir, Emma Tucker's article ("DTI's office politics enrage furniture makers", November 26) quotes a comment by a design consultant that "few British companies have any understanding of ergonomics ..." This inaccurate suggestion cannot be allowed to pass without comment.

The majority of British manufacturers offer products which comply with British standards which are based on world class ergonomic advice and good anthropometric information.

Work on future European standards shows no significant difference on the dimensions or design required for chairs and desks between the British and the Germans. It is therefore quite wrong to suggest that German companies work to better ergonomic standards than British ones – in principle we are working to almost identical standards.

EEA, which represents the greater part of the British Office Furniture Manufacturers, is always ready to provide information on relevant standards to those who seek it.

J.H. Sachs,
chief executive, Arenson Group plc, and chairman, office furniture and filing division, EEA
Leicester House,
Leicester Street, WC2

UK should take the lead in helping reconstruction of Cambodia

From Mr John Pedler

Sir, The person sitting on Khmer Rouge leader Khieu Samphan's left in the photograph of Cambodian leaders published in your December 24 edition is not, as captioned, Mr Kong Som Ol, deputy prime minister of the Phnom Penh government. The impression given by the picture of a (perhaps slightly loony) harmony of government and "resistance" is misplaced.

On December 23, soon after the uncommunicative joint communique had been issued at 1am, I saw Mr Kong Som Ol, foreign minister Mr Hor Nam Hong, and Mr Cham Prasidh, the vice-minister with responsibility for the negotiations with the "resistance".

The three ministers were pessimistic about the outlook for recalling the Paris Conference in the first quarter of 1991. They considered that it would be considerably more difficult than France's foreign minister, Mr Dumas, had suggested, to get a tightening of the military clauses of the November 26 draft agreement proposed by the Permanent Five plus Indonesia, and to insert institutional arrangements to prevent Cambodia ever again being subjected to a genocidal regime.

They denied that Cambodia would collapse fiscally because of the reduction of aid from the former "socialist" countries – they told me that when "perestroika" first began three years ago, the government had taken "certain" measures: these would enable Cambodia to soldier on alone for a year or more if necessary. But Mr Kong Som Ol agreed that dragging out negotiations for the UN plan could well lead to the government delaying badly-needed aid, either to pressure Phnom Penh to accept its unsafe wording, or – in the case of sympathetic governments – because they believed a UN presence and aid were only weeks away, when in reality the hoped-for agreement might well prove a mirage.

These contacts convince me of the need for emergency governmental aid for Cambodia right now in the critical interim months preceding any agreement. The west has said it does not want a return of the Khmer Rouge. Now is the time to show we mean this by responding to the UN General Assembly's unanimous Resolution on Cambodia of October 15, paragraph 12, calling for aid for the "economic and social reconstruction of Cambodia". At present the UK government will only fund aid given for very restrictively defined humanitarian purposes. Yet the UK, surely, should take a lead in helping Cambodia's 8m people who stand as alone as we did in 1940.

John Pedler,
director, the Cambodia Trust,
The Rockery,
Adderbury,
Sanbury, Oxon OX17.

FINANCIAL TIMES
Friday December 28 1990

THE GULF CRISIS

Iraq parties unite against Saddam

By **Max Rodenbeck** in Damascus and **Victor Mallet** in London

LEADERS of the long-divided Iraqi opposition forged a coalition in Damascus yesterday and signed a pact to topple the regime of President Saddam Hussein.

The agreement capped three years of haggling between 17 opposition groups, ranging from Communists and Islamic activists to Kurds and secular nationalists.

"We all need each other," said Mr Jalal Talabani, secretary-general of the Patriotic Union of Kurdistan, one of seven parties in the new coalition representing Iraq's Kurdish minority. "All the groups are now convinced that no one trend will be able to control Iraq."

Washington and its allies have long been concerned about the feebleness of Iraq's opposition movements, which have been crushed by the internal security services inside Iraq and harried by Iraqi agents abroad.

The lack of an effective alternative to Mr Saddam would be particularly worrying if the efforts of the anti-Iraq alliance led directly or indirectly to his overthrow.

The Iraqi opposition charter signed in Syria condemns the invasion of Kuwait and calls for the overthrow of Mr Saddam, the formation of a coalition government to supervise immediate elections and the guarantee of civil rights.

Yesterday President George Bush distanced himself from suggestions that US ground forces would not be ready for an offensive against the Iraqi troops occupying Kuwait by January 15, the deadline for an Iraqi withdrawal set by the United Nations.

"I'm very comfortable," he said. "I had a very good briefing from Powell and Cheney. I feel that the situation is exactly where I was told it was going to be at this time."

Mr Bush was referring to the report he received on Monday from Mr Richard Cheney, defence secretary, and Gen Colin Powell, chairman of the joint chiefs of staff, after they returned from a visit to US forces in the Gulf.

President Saddam, meanwhile, sent his ambassadors back to their posts from Baghdad yesterday after being quoted by the official Iraqi news agency as saying that he was ready "for a serious and constructive dialogue".

He also met two senior Soviet envoys who may be mediating between Washington and Baghdad, but there was no immediate sign of progress towards an agreement on a date for proposed talks between Iraq and the US.

Thousands of Iraqis demonstrated in Baghdad yesterday against the interception of an Iraqi freighter by US, British and Australian forces off the coast of Oman on Wednesday.

The ship was carrying food and women peace activists on a propaganda mission which began in Algiers and was supposed to end in Basra in southern Iraq.

Other Gulf news, Page 3

President Roh Tae-woo of South Korea appointed Ro Jai-bong, 54 (pictured above) as his new prime minister yesterday, in a reshuffle coinciding with a crackdown on dissent.

South Korean president reshuffles cabinet, Page 4

Fire hits trading on US stock exchanges

By **Patrick Harverson** in New York

TRADING ON the New York Stock Exchange and the American Stock Exchange was delayed by 1¼ hours yesterday after a fire in lower Manhattan damaged the premises of a company which provides key support services.

The fire, at the offices of the Securities Industry Automation Corporation (SIAC), started just after midnight when an electrical transformer exploded sending flames shooting eight stories high.

SIAC is a joint venture owned by the NYSE and the American Stock Exchange. It manages a variety of automated systems that support the processing of orders, the reporting of trades, and the clearance and settlement of securities listed on the two exchanges.

Stock exchanges throughout the US were affected by the fire. The Securities and Exchange Commission (SEC) asked all exchanges to delay opening until the SIAC computers were back in service.

The SEC said it wanted to ensure market participants across the US had equal access to information. The market in secondary US stocks, which are traded via computer screens, was not delayed.

The fire also knocked out the New York trading of Citibank, the country's biggest bank. Citibank staff were barred from their offices when they arrived for work because of fear about potential contamination from polychlorinated biphenyls (PCBs) in the smoke.

However, 40 people, including 26 firemen, were treated for possible exposure to PCBs after the fire was brought under control soon after 3am.

SIAC is building a second data processing facility in Brooklyn which will provide additional operating capacity and act as a back-up in the event of an emergency at the lower Manhattan site.

Court rejects Marcos appeals on assets

By **William Dullforce** in Geneva

THE PHILIPPINE government yesterday moved significantly closer to recovering more than $500m stashed away in Swiss bank accounts by the late President Ferdinand Marcos.

The Swiss Federal Tribunal (supreme court) rejected appeals by lawyers representing the deposed president's widow, Imelda, and his other heirs against decisions by the cantons of Zurich and Fribourg to accord legal assistance to the Philippine authorities in recovering the assets.

In principle, the tribunal's judgment means the cantons can hand over to the Philippine government documents concerning some 30 accounts with six banks. The cantons can also in principle hand over the assets blocked in those accounts since March 1986, when Mr Marcos fled the country he had ruled for 20 years.

But the tribunal has made conditions.

To receive the documents, the Philippine authorities have to give a formal commitment that the rights of the accused, including the right to be heard in court, will be respected. Lawyers for the Philippine government say the documents are vital evidence in proving the guilt of Marcos and his associates.

To recover the assets, a Philippine court has to order they be restored to their true owners or be confiscated. The court has to follow a procedure which accords a fair trial and respects the defendants' rights.

This process must be started within a year. Otherwise, the tribunal decided, the order blocking the funds in Swiss accounts may be lifted.

Mr Guy Fontanet, one of the lawyers representing the government in Manila, welcomed the judgment. The tribunal had decided unequivocally that the documents needed to start penal proceedings in the Philippines should be handed over and had laid down the principle that the Marcos assets had to be returned to Manila, he said.

The Manila government has accused Mr Marcos, who died in Hawaii last year, and his associates of plundering up to $10bn during his 20-year rule. Some $400m are claimed to have been identified in bank accounts in Zurich while $70m is blocked in Fribourg. Proceedings are also under way in the cantons of Geneva, Vaud and Lucerne.

Japan turns buyer of foreign securities

Continued from Page 1

Foreigners were net sellers of Japanese bonds in November for the first time since October 1989 when the official discount rate was raised. Net sales of bonds totalled $794m, compared to net purchases of $1.88bn in October, while net sales of Japanese stocks were $223m, compared to net sales of $54m in the previous month.

Mr Russell Jones, of stockbrokers UBS Phillips & Drew, said Japanese institutions have shown renewed interest in the US Treasury bond market, "but Japanese institutions now have less money to invest abroad, and they can get more than 8 per cent for their money on the domestic market. There is not a lot of reason for an institution to take the currency risks with investments outside Japan."

Japanese industrial production, meanwhile, fell 1 per cent in November from a month earlier, suggesting that economic growth has peaked and will be slower next year, although the Ministry of International Trade and Industry (Miti) expects a strong performance this month.

Signs of a slowdown in growth were evident in figures for projected sales for Japan's semiconductor industry for the first half of next year. Output of one megabit DRAMs (dynamic random access memory chips) is expected to total 245.7m, down from 264.6m in the present half.

Divorce absolute for a cherub of ruthless and arrogant repute

Continued from Page 1

agreement with Nissan UK on gaining control of its car distribution in a country where it is a major manufacturer, Nissan's board met in Tokyo just before Christmas to decide on a final break with Mr Botnar.

The meeting followed an offer from Mr Botnar to sell the company – but it was not one that the Japanese were prepared to take seriolusly.

Nissan UK said the offer was "still on the table" yesterday, but Mr Yoshikazu Kawana, president of Nissan Europe, said: "We do not feel that we can give serious consideration to the offer to sell NUK's business to us, given that extremely protracted negotiations on this matter have taken place before."

Mr Botnar had suggested a phased acquisition of control by Nissan, over four to five years, and indicated that price was of secondary importance. Outside estimates of the value of his company range from £300m to £500m ($579m-$965m).

But Nissan's reluctance to negotiate further was reinforced more than a year ago when Mr Botnar quietly but radically reorganised Nissan UK.

Two companies were formed, with Mr Botnar as chairman of both. The concession for the wholesale distribution of vehicles, spare parts and fork-lift trucks was separated into Nissan UK Holdings (NUKH). Automotive Financial Group Holdings (AFGH) was created to run the dealership, finance and transport businesses, and Union Bank of Switzerland has become the major shareholder. The ultimate ownership of both companies remains shrouded in mystery.

It is still possible, even likely, that Mr Botnar, Nissan UK's chairman and chief executive, will regard the year-long 'deadline' as brinkmanship by Nissan Japan designed to end at the negotiating table.

If so, Mr Botnar will be deluding himself. "This is it. There is definitely no going back. The decision has been taken with great regret but at the highest level", Mr Toshiaki Yusada, Nissan's spokesman, said yesterday.

By this time next year, the Japanese manufacturer expects to be putting the final touches to an entirely new import and distribution operation, and preparing to make its first supplies to a retail network replacing the nearly 400 dealers who between them last year sold 138,000 Nissan cars and commercial vehicles.

Nissan acknowledges the task to be a very big one, and yesterday was providing few clues as to how it intended to do it. "But we have no reason to think that sales will suffer next year or in 1992 as a result of the changes", said Mr Yasuda.

Such an outcome would be a bitter blow for Mr Botnar – for whom, however, many in the industry think there would be little sympathy. His smiling, cherubic face accompanies a reputation for ruthlessness and arrogance, while in the background of all the negotiations with Nissan has been an insistence that he should continue to have a pivotal say in how the UK sales anbd distribution activities should be run, even under Nisssan Japan ownership.

Part of the Botnar enigma is that he is a major donor to charities. Only last month he donated £8m to London's Great Ormond Street hospital for sick children. At least £80m more is believed to have been donated through the Camelia Botnar Trust, set up following the death of his daughter in a road accident in the 1970s.

Mr Botnar arrived in Britain in 1967 from the motor business in West Germany, to reorganise the UK concession of NSU.

When NSU and Audi were merged in Germany, he handled both UK franchises until the Thomas Tilling Group, which already had the concession for Volkswagen, NSU-Audi's parent company, took them over. Mr Botnar took on instead the franchise for Datsun, a relatively unknown make in the UK. It has made him one of the most powerful figures in the UK motor industry.

Albanian communists indicate resistance to reforms

By **Laura Silber** in Tirana

THE ALBANIAN Party of Labour, Europe's last ruling communist party, showed signs during a special conference this week that it would resist undertaking fundamental reforms.

It appeared determined to remain in power in spite of warnings from the country's fledgling opposition that economic crisis was leading the population to the "brink of starvation."

President Ramiz Alia, the successor of Mr Enver Hoxha who died in 1985, told the conference on Wednesday that the party "would deviate from many principles of socialism, correct many attitudes of the past, but it does not intend to abandon its Marxist ideology."

However, he conceded that "the party needs fresh thought, a new concept to realise its *socialist* ideal."

"From the political point of view, [the situation] is complex, from the economic point of view it is grave, from the point of view of public order it is troublesome," Mr Alia told conference delegates.

He said unemployment was rising and targets set by the central plan – which is modelled on the old Stalinist structures – were unfulfilled.

A wave of anti-communist demonstrations engulfed Albania earlier this month. Workers demanded an end to communist rule and an improvement in living standards which have been undermined by chronic food shortages, poor working conditions and low wages. The average monthly wage is 500 Lek ($50).

Despite the unrest, Mr Alia said the communists had no intention of abandoning the party's leading role until after elections which are due to held on February 10.

By exploiting the fear of change and conservatism prevalent among the country's peasantry, Mr Alia laid the basis for the Party of Labour's election campaign.

The opposition Democratic party, set up a fortnight ago, remains sceptical that the ruling party will introduce far-reaching reforms either before or after the elections.

Mr Sali Berisha, a founder of the Democratic party, said it had lodged a petition to the Presidium of the People's Assembly, yesterday, demanding a referendum to decide the date of the elections.

Mr Berisha, said his members would continue to seek postponement of the elections until May even though a rubber-stamp parliamentary presidium overruled any changes in the date.

Members of the Democratic party say that the party's willingness to seek reconcilation rather than confrontation with the Party of Labour is being exploited by the communists. By allowing the country's first independent party to function, the ruling party hopes to appease the population, postpone ceding power to the opposition and give the impression that it is serious about reforms.

"The APL is trying to create the appearance that the door to Europe is open for Albania and for participation in the Conference on Security and Co-operation in Europe. But the door will remain closed until Albania proves it is serious about reforms," said Mr Gramoz Pashko, an economist and one of the leaders of the Democratic party.

Orders for US durables decline

Continued from Page 1

However, the numbers expecting business conditions to worsen were slightly down – 26 per cent compared with nearly 30 per cent last month.

Consumer spending plans were down, with only 5.9 per cent of respondents intending to buy a car, compared with 6.5 per cent last month. Interest in purchasing homes and taking vacations was also down. The recession is biting hardest in New England, where consumer confidence averaged 25.2 in the fourth quarter compared with 100.6 in the same period of 1989.

Interest rate demand, Page 3

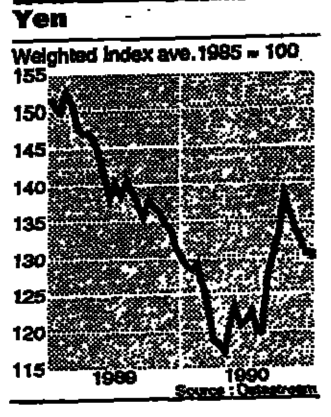
THE LEX COLUMN

The yen finishes a weak turn

It is always dangerous to read too much into a currency's behaviour in the final days of the year. In 1987 and again in 1988 the dollar was exceedingly weak against the D-Mark, and then surprised everyone by jumping 10 pfennigs in January. Last year, sterling was hitting an all time low against the D-Mark, before rebounding by 10 pfennigs over the next couple of months. Is it the Japanese yen's turn to fool the markets this year?

Having broken briefly through the 125 yen level in mid-October, the Japanese currency has fallen sharply against the dollar. It has still managed to end the year higher than it started, against a weak dollar. But it has fallen by 5 per cent and 12 per cent against the D-Mark and Swiss franc respectively. It has even dropped by 10 per cent against sterling. The longer this weakness persists the greater the danger of it triggering another chilling run on the Japanese bond and equity markets.

Japan's balance of payments' surplus is second only in size to that of Germany, and its record on growth and inflation remains far superior. Nevertheless, the currency continues to be dogged by a perception that the Japanese authorities cannot afford to be as tough as the Germans on the inflation issue. The Japanese economy is slowing, the labour market remains tight, and there are understandable fears about a banking system which is so dependent on the health of the financial markets. But it is also extremely hard to imagine the yen weakening for the third year running.



Lloyd's

The latest despatches from Lloyd's of London now seem mostly to confirm what insurance brokers' buoyant share prices have been saying since late autumn. The four-year-long underwriting down-cycle at Lloyd's has ended, at least for many types of risk. During the year-end renewal season, reinsurance prices have risen sharply, thanks to the way that the long sequence of disasters from Piper Alpha to the January 1990 European wind storms, have burned capacity out of the market. The cost of covering an oil rig or a ship's hull, though not its cargo, has gone up too. In the woefully underpriced aviation insurance market, there are signs of an imminent upturn. And even in UK private motor insurance, the Lloyd's market's Cinderella, premium rate increases could start exceeding claims inflation in mid-1991.

If all this sounds encouraging for ordinary members of Lloyd's, the answer is that it is, with the caveat that a lot of members will have to stump up cash this spring to pay for underwriting losses. The market still has a big cyclical hurdle to cross, in the shape of the 1988 Lloyd's syndicate results, which are due in a few months' time. The outlook here is a bit hair-raising, thanks to the delayed impact of the Piper Alpha explosion in July of that year, which is only now going to show its full effect on syndicate accounts. One of the ironies of the insurance cycle is that only if those 1988 results are very bad indeed, can one be confident that this winter's upswing in prices will really stick.

Small companies

Investors in small companies need long memories if they are to find any comfort from the bleak market of 1990. Although year-end figures are still to be compiled, it is clear that small companies significantly underperformed the main market once again. According to brokers Hoare Govett, smaller companies, defined as the bottom 10 per cent of the market by capitalisation, have lost around a quarter of their £49bn value. With the main market down by some 14 per cent, one has to go back to 1966 to find an equally dismal relative performance.

Hoare Govett's smaller companies index has been falling steadily since late 1987, but the size of its discount to the main market – now roughly 13 per cent – is thought to be greater than at any time since the start of the 1980s. Of the 1,197 companies at the start of 1990, 26 had gone bust by the end of the third quarter. The full year figure is expected to be more like 36.

The good news is that the high exposure of the sector to service companies made it unusually vulnerable. Even if the scale of corporate collapses appears to have exceeded analysts' worst fears, a degree of suffering was bound to be in the price long before it was reflected on the main market. So much bad news is now discounted, it is tempting to call the turn, but it is probably too early in the cycle. The banks are still very quick to scale back their lending facilities or simply pull the plug.

The bad news is that a very wide range of small companies suffered, with a high proportion of third market and USM failures. The case for removing small company shares from electronic trading screens and restoring an old-style trading floor to reduce volatility and inject some much-needed liquidity looks stronger every time another listed concern is snuffed out. Lowering the entry barriers has only exacerbated the tendency for the USM to take on the appearance of a low quality venture capital market. That has served neither investors nor the companies themselves.

PanAm/TWA

The chairmen of Pan Am and TWA would make unhappy air traffic controllers. To date, their efforts to guide their companies towards some sort of constructive relationship has left a trail strewn with the wreckage of missed meetings and misunderstandings. Given its urgent need for cash, Pan Am's behaviour towards TWA's Mr Carl Icahn has been curious. Presumably it is either considering seeking Chapter 11 under instruction from its bankers, or thinks it is close to rescuing itself through asset sales. If it continues to do no more than flirt with TWA, it must be in danger of going into a final stall.

Its reluctant attitude has helped create the impression that TWA needs Pan Am more than vice-versa. Certainly, Mr Icahn faces long-term strategic problems which would be eased by a deal with Pan Am. The question is whether TWA's undoubted weaknesses outweigh those of Pan Am. On the evidence so far, neither airline deserves much sympathy. The creation of a single coherent international player from the pieces still looks unlikely.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	9	48	Berlin	C	7	45	Caracas	C	28	82	Faro	C	15	59	Islamabad	R	12	54
Algiers	-	-	-	Biarritz	C	12	54	Casablanca	C	17	63	Florence	R	9	48	Istanbul	S	9	48
Amsterdam	R	7	45	Bombay	-	-	-	Chicago	-	-	-	Frankfurt	C	8	46	Jakarta	R	31	88
Athens	C	13	55	Bordeaux	F	12	54	Cologne	F	7	45	Geneva	C	9	48	Jersey	R	8	46
Bahrain	-	-	-	Boulogne	F	8	46	Copenhagen	F	6	43	Gibraltar	F	15	59	Johannesburg	C	20	68
Bangkok	F	34	93	Brussels	C	6	43	Corfu	F	12	54	Glasgow	Sn	2	36	Lima	C	21	70
Barcelona	F	12	54	Budapest	R	0	32	Dallas	-	-	-	Helsinki	C	-1	30	Lisbon	Dr	16	61
Beirut	-	-	-	Buenos Aires	F	30	86	Dublin	Sl	3	37	Hong Kong	C	18	64	London	S	8	46
Belfast	C	1	34	Cairo	C	18	64	Dubrovnik	R	9	48	Innsbruck	R	2	36	Los Angeles	S	11	52
Belgrade	S	9	48	Cape Town	S	30	86	Edinburgh	F	1	34	Inverness	Sn	0	32	Luxembourg	R	4	39

Madeira, Madrid, Majorca, Malaga, Malta, Manchester, Manila, Melbourne, Mexico City, Miami … [illegible]

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Friday December 28 1990

INSIDE

Itoman steps up restructuring

Restructuring at Itoman is gathering pace as the financially-troubled Japanese trading house transfers a property subsidiary to affiliates of Sumitomo Bank. Sumitomo has also taken over funding obligations from some of Itoman's creditors, sent several senior officials to assist with management and is showing open support for Itoman during visits this week to institutional creditors. Robert Thomson reports. Page 13

Straining family loyalties

Crédit Suisse First Boston's decision to bail out its sister company in the US, First Boston, has taken a heavy toll on both the bank and senior staff. Some have been forced to sell their houses; others are said to be unable to pay the interest on the loans used to buy a stake in the company. But there will be few tears in the City of London over CSFB's misfortune. The firm, led by the shrewd Hans-Jörg Rudloff (above), has always been a force more respected than loved in the City. Stephen Fidler reports. Page 14

Pontin to stand for Bremner

Sir Fred Pontin yesterday decided to allow himself to be proposed as a director of Bremner, the Glasgow-based shell company which for many years has been the scene of feuding between different shareholders' factions. It was the second change of mind in a week for Sir Fred, the 84-year-old founder of Pontin holiday camps. Page 12

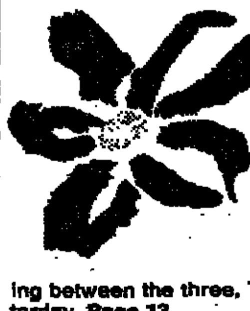
Christmas tears in toyland

Hong Kong's toymakers have little to be merry about this Christmas as they tot up their seasonal takings. Some manufacturers in the colony reckon that sales were 10 to 15 per cent below last year's disappointing totals. And they do not expect a particularly prosperous New Year either, despite the unexpected success of Teenage Mutant Ninja Turtles or continued popularity of old faithfuls such as Mattel's Barbie doll. Angus Foster reports. Page 13

Banana jitters

Two out of three bananas eaten in Britain come from the Windward Islands. However, changes to European Community import rules now appear likely to end the islands' privileged position as a duty-free supplier to a captive market. Geest, the fresh produce and prepared foods group, which imports Windward bananas to the UK, is already considering low-cost central American bananas as an alternative. It believes it could become the only European importer to handle bananas from both protected and unprotected sources. Page 12

Topdanmark and Wasa plan link



Topdanmark, the third largest Danish insurance group, is holding talks on a strategic alliance with Wasa, the Swedish financial group, and another European Community insurance group, as yet unnamed. The alliance would include a significant cross-holding between the three, Topdanmark said yesterday. Page 13

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Didier-Werke	176.5	+	7.5
Goldschmidt	700	+	25
Vag	344	+	14
Zander Fein	236	+	12
Falls			
Hochtief	1068	−	42
Holzmann(P)	1055	−	45

NEW YORK ($)

Rises			
Cigna	41 5/8	+	1/8
Falls			
BankAmerica	29 7/8	−	3/8
Chase Manhat	10 1/2	−	1/8
Citicorp	13 1/4	−	1/8
JP Morgan	44 3/4	−	1 1/4
Tiffany	35 1/2	−	1 3/4

New York prices at 12.30pm

PARIS (FFr)

Rises			
CFAO	393	+	18
Gen Geophys	790	+	70
Sagem	1375	+	50
Falls			
Bancaire Cie	450	−	28
Fonciere Lyon	761	−	31
Skis Rossig	691	−	43

TOKYO (Yen)

Rises			
LEC	675	+	65
Nitto Seimo	1050	+	109
Taito	1080	+	100
Falls			
Daiichi House	1760	−	140
Myojo Foods	1020	−	110
Rhson Auto	2050	−	150

LONDON (Pence)

Rises			
Adia Hldgs	16	+	2
De La Rue	310	+	6
ECC	352	+	5
Glaxo	851	+	12
Guinness	193	+	6
Ladbroke	253	+	7
Reg.Elec Pkgs	1483	+	23
Reuters	685	+	22
S.Wales Elec	170	+	5
Tarmac	247	+	6
Traf.House	203	+	7
Trusthse Forte	252	+	8
WPP	64	+	4
Water Pkg.	2640	+	37
Falls			
Acatos Hut'son	90	−	10
Logitek	23	−	4
Speyhawk	77	−	6

Caught on the horns of a dying bull market

A year after the Nikkei's collapse, Stefan Wagstyl reports on the effects on the Japanese economy

Never before have so many people made so much money in a stock market as they did in Tokyo in the 1980s. Rarely have they lost it so fast as in 1990.

The collapse of the world's greatest bull market has been just as spectacular as its heady ascent. Since hitting an all-time peak of 38,915 on December 29 1989, the Nikkei index has lost 39 per cent of its value.

A worldwide surge in interest rates, concern about an economic slowdown and fears of war in the Middle East hit bourses everywhere. The impact was worst in Tokyo because over-confident investors were too full of their past successes to notice the danger signals until it was too late.

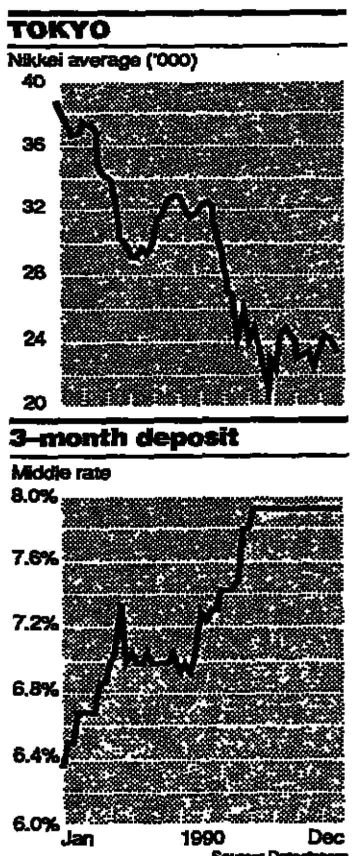
Now, as they try to pick up the pieces, the questions uppermost in their minds are how long will the bear market last, how far will it spread to property prices and how severe will the effects be.

There is no easy consensus in Tokyo. Mr Yoshihisa Tabuchi, president of Nomura Securities, says he is bullish – but adds with a smile that he could hardly be anything else as the head of Japan's largest securities company. Mr Setsuya Tabuchi, the company chairman, is considerably more gloomy. He told Nomura branch managers in the autumn that brokers faced a recession worse than that of the 1960s, when only government intervention saved the industry from bankruptcy.

Forecasts for the Nikkei index for next year vary widely. But it seems significant that while the targets set by bullish analysts are modest, there is no limit on the depths to which the bears are willing to plunge. The greatest optimists see 28,000 as an ambitious goal. The pessimists do not think 15,000 unreasonable.

The worries of bankers and brokers have so far had little effect on most Japanese. Consumer spending is strong. Only in the investment class of goods – Impressionist paintings and large diamonds – is there a definite decline in interest.

Companies are feeling the credit squeeze more directly. The plunge in equity prices has swept away a cheap source of finance. In the nine months from the start of the current financial year in April, funds raised by Japanese groups through equity-linked securities (including convertible bonds and warrant bond deals) totalled just Y6,708bn ($49bn) compared with Y28,311bn the previous year. Large groups can rely on their cash balances but smaller and medium-sized companies have been increasing borrowings – and feeling the pinch of rising interest rates. The increase in the cost of funds is persuading many groups to cut investment plans – though, for the most part, not until the 1991-92 financial year.



But the real pain is being felt in the financial markets. Stockbrokers' profits have collapsed, as have those of banks which used to top up operating profits with large dollops of capital gains from securities trading. In the six months to September, the four largest securities companies reported a decline in pre-tax profits of 55 to 74 per cent. Leading banks' profits fell 39 per cent.

With trading volumes down to a level last seen in 1985, cost-cutting is in fashion. Bankers and brokers alike expect closures and mergers, especially as financial deregulation increases competitive pressures.

Mr Yoichi Tsuchiya, president of Sanyo Securities, a medium-sized broker, recently said that if the bear market lasted six months his company would pull through, but if it lasted two or three years he would have to look to a bank for aid. Even big institutions may not remain independent – witness the merger plans recently announced by Saitama Bank and Kyowa Bank.

The atmosphere of Kabutocho, the stock exchange district, has changed out of all recognition. The death of the bull market has been accompanied by the introduction of tough new codes on insider trading, on the prompt disclosure of large-sized stakes, and on the "churning" of client accounts (switching investments from one type to another to generate commission). The riskier forms of *zaitech* – or corporate financial investment – are dead.

The course of previous severe bear markets offers little hope of a rapid recovery. In the financial crisis of the 1960s it took eight years for prices to match their previous levels. After the downturn which followed the 1973-74 oil shock, the Nikkei did not regain its lost ground until 1978.

To make matters worse, this time concerns about equities are compounded by fears for the property market. Prices are steady in central Tokyo but are reported by agents to be falling in outlying suburbs and in provincial cities. Some companies which invested in property are already turning to their bankers for help, notably Itoman, a trading group with borrowings of Y1.3bn.

Banks are limited in the support they can give clients because they are cutting asset growth to comply with new standards on capital adequacy. Their reserves have been hit hard by a decline in the value of their equity portfolios. Some forecasters believe even banks could be in trouble since about 25 per cent of all their lending is secured on property. But others believe the most serious difficulties are concentrated among small and medium-sized companies and their creditors.

The key to the markets' future lies with interest rates. The torrent of credit which flooded financial markets has been blocked by successive hikes in the Official Discount Rate by the Bank of Japan. But the central bank, concerned that excessively lax monetary policy in the past has stimulated inflation, shows few signs of relaxing its grip.

Some investors believe the central bank will bow to pressure from industrialists and from foreign governments, principally the US, concerned about the impact of the credit squeeze on economic growth around the world. Japanese bonds have rallied strongly since September, pushing down the yield on the benchmark government instrument from a peak of 8.75 per cent to about 7.1 per cent. However, Mr Yasushi Mieno, the central bank governor, on Wednesday insisted there would be no change in policy. His refusal to be swayed by the plight of stock market investors has prompted traders to dub him "Mr Triple Trouble" – a play on his name.

A Tokyo trader cringes as the Nikkei falls to an all-time low

Mr Mieno's worry is that even though the rate of money supply growth has slowed, it still stands at 10 per cent. This is too high to curb inflation in consumer prices which rose in Tokyo last month by 3.9 per cent, the highest level in 10 years.

However, the problem is that if the rally in bonds is sustained it will be mainly because the economy slows down enough for Mr Mieno to stop fretting about inflation. Economists expect economic growth to decline from 5.5 per cent to 3.5 to 4 per cent, mainly due to the impact on corporate investment of high interest rates.

If growth slows, then company profits will be squeezed. So instead of worrying about interest rates, investors will be concerned about price/earnings ratios. Last week's announcement by Bridgestone, the tyre-maker, of a 50 per cent cut in forecast annual consolidated profits may be the first of a spate of such reports.

Japan's economy is more resilient than those of other leading industrialised nations. While economic growth is slowing it will remain high by the standards of the US or even Germany. Moreover, Japan is less exposed than it might seem to the threat of war in the Gulf interrupting oil supplies. Oil imports amounted to 0.8 per cent of economic output last year, against 5 per cent in the early 1970s. Also, many big Japanese companies are better placed to weather tough times than their foreign rivals. They spent the 1980s increasing investment, speeding product development and cutting borrowings.

Eventually, these great engines of growth seems certain to pull even Japan's financial companies out of the mire. As bankers and brokers bemoan the end of the last bull market, so industrial companies are already laying the ground for the next one.

Itoman, Page 13

Hydro to sell 12% stake in Ranger Oil

By Bernard Simon in Toronto

NORWAY'S Norsk Hydro has put its 12 per cent stake in Calgary-based Ranger Oil up for sale, raising the prospect of a contest for control of one of Canada's few remaining independent energy producers.

Under a shareholder agreement between the two companies, Ranger, which gets the bulk of its production from the North Sea, has 15 days to find a buyer of its choice for the 10m common shares held by Hydro. The Norwegian company has priced its shares at C$9 each, giving a total sale price of C$90m ($78m). Ranger shares were trading at C$7.75 on the Toronto stock exchange before the announcement of the proposed sale.

If Ranger fails to nominate a buyer, Hydro will be free to sell the shares to a third party.

Prospective foreign investors intending to build up a sizeable stake in Ranger could face some difficulties. The government is reluctant to see control of a healthy energy company pass into foreign hands.

Mr Graham Notman, analyst at Sprott Securities in Toronto, said the most likely buyer was Westcoast Transmission. The Vancouver-based pipeline utility is Ranger's only other sizeable shareholder, with a 12 per cent stake.

Westcoast has a standstill agreement with Ranger which prevents it from raising its holding beyond 15 per cent before mid-1992. Mr Notman, who estimates Ranger's asset value at C$10-11 per share, added however, that the oil group would "have a tough time" finding 50 per cent of the shares to block any unsolicited takeover bid.

As a last resort, the company could use its sizeable cash reserves to buy Hydro's shares.

Ranger produced 17,500 barrels of oil and natural gas liquids a day in the first nine months of this year, of which 14,900 came from its North Sea interests. Natural gas output, most of it from western Canada, totalled 42.8m cubic feet a day.

Ranger is involved in several new developments in the North Sea. It operates the Anglia gas field, located in the southern gas basin, which is due to start production in late 1991 at a rate of 50m cubic feet a day. A power station using gas from the Anglia field, and also operated by Ranger, is being built at Great Yarmouth, south-east England. In addition, Ranger recently received approval for development of the Staffa oilfield, north-east of Aberdeen, Scotland.

Capacity to rise at Lloyd's of London insurance market

By Richard Lapper in London

CAPACITY on the Lloyd's of London insurance market is set to increase to £11.41bn ($21.5bn) in 1991, a rise of £400m compared with 1990, in spite of a reduction in the number of members.

Lloyd's yesterday announced that 26,534 members (the Names or individuals whose wealth backs underwriting) will participate in the market in 1991 compared with 28,770 in 1990. Some 2,150 members tendered their resignations during 1990, while only 254 new members will join the market in 1991. During 1990, 312 new members joined.

Many of the resigning Names have been frightened by the experiences of members who face potential bankruptcy through loss-making syndicates exposed to claims arising from US pollution and asbestosis-related losses. Several thousand more Names want to leave the market but are unable to do so. They are members of syndicates which have "open years" – meaning they are unable to quantify future losses and cannot close their accounts.

On the other hand, 6,329 Names have announced that they will increase their premium limits – the amounts they commit to syndicates. The average premium limit of members for 1991 is now £385,000 compared with £350,000 in 1990.

These Names have been encouraged by indications that insurance and reinsurance rates are beginning to go up, improving the prospects for a return to profitability at Lloyd's.

Rates have been flat for about four years, but some types of reinsurance are now becoming both more expensive and less easily available. This is particularly true in London's excess of loss catastrophe market, the so-called LMX market, where capacity has shrunk dramatically over the past year.

Many of the the 30-plus Lloyd's syndicates that have either merged or folded during 1990 have been hit by a string of natural and man-made disasters, such as the Piper Alpha oil rig explosion in 1988 and hurricane Hugo in 1989.

There are also signs that rates in two other areas where Lloyd's specialises, the aviation and marine insurance markets, are rising.

Lex, Page 10

Pan Am and TWA in waiting game

By Nikki Tait in New York

A STAND-OFF appeared to be developing yesterday between TransWorld Airlines, the heavily-indebted US carrier, and its would-be takeover target, the cash-strapped Pan Am airline.

A fresh flurry of letters late on Wednesday night left Pan Am claiming that it was prepared to meet TWA once the latter supplied detailed acquisition proposals in writing. It added, however, that on the basis of an earlier letter from its would-be suitor and a telephone conversation on Wednesday, "it is our understanding that you are not prepared to pursue the offer to our shareholders . . ."

Yesterday morning, Pan Am said this position was unchanged, and that it continued to await any firm, written proposals.

But Mr Carl Icahn, the corporate raider who owns and runs TWA, sent a letter back to Pan Am claiming that the airline had "misstated and misunderstood TWA's position".

"Our offer to shareholders remains in place, subject to usual and customary conditions for a transaction of this type," he told Mr Richard Francis, Pan Am's finance director. Those conditions, he said, included "no adverse change" to the airline – such as bankruptcy, a sale of assets for less than fair value, and defaults in significant borrowings or obligations.

"If bankruptcy is imminent and therefore you are concerned about whether the proposal would remain in place, we have also offered a detailed proposal for debtor-in-possession financing," he continued. This would require Pan Am to seek bankruptcy court protection but would then push TWA to the front of the queue for repayment.

"When you are ready to discuss that proposal, or the shareholder proposal described in the previous paragraph, we are ready to meet," Mr Icahn concluded. By yesterday afternoon, however, no meeting had been set up.

The latest manoeuvrings left analysts still trying to understand Mr Icahn's game. There is general agreement that Pan Am needs to pursue any solution which could solve its cash needs in the lean winter traffic months. However, some analysts suggest that Mr Icahn merely wants to make a turn by buying Pan Am when it is in a tough position, and selling on certain assets from the merged group.

As the deal-making process drags on, questions are also being raised about possible legal obstacles and the willingness/ability of Mr Icahn to commit cash. "It hasn't been settled that Icahn can put cash on the table," said one observer yesterday.

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UK COMPANY NEWS

Blending sources to sweeten the banana jitters

Geest has plans to counter EC import rule changes, which it hopes will bear fruit. **David Owen** reports

IMPENDING CHANGES to the European Community's complicated banana import regime are focusing minds at Geest, the fresh produce and prepared foods group, on important strategic questions.

Under current EC rules, just over 40 per cent of banana supplies come from protected sources. These are normally possessions, dependencies or former colonies of France, Spain, the UK, Italy, Portugal and Greece. Remaining requirements are sourced primarily from central America. All EC countries except Germany impose a 20 per cent tariff on central American fruit.

Preferential and duty-free access to the near-1bn lb per annum UK market is granted to fruit from the Windward Islands, Jamaica and Belize. Almost two out of every three bananas eaten by UK consumers are imported by Geest, which sources its fruit from the four rugged Windward Islands of St Vincent, St Lucia, Dominica and Grenada.

The relationship between Geest and representatives of the islands' 20,000 banana growers is cosy and longstanding, having endured for more than 35 years. At the same time, the Windwards' economy is heavily banana-based: in 1984, the fruit accounted for more than 40 per cent of both Dominica's and St Lucia's exports.

By 1993, however, European free marketeers want to see current trade barriers demolished. This would spell disaster for the intrinsically uncompetitive Windwards banana industry, which would be crowded out of its captive market by cheap central American fruit.

The islands are consequently lobbying for their privileged access to the UK consumer to be maintained. Though it is not yet clear what fruit, if any, their labour will bear, they have extracted enough promises to suggest that trade restrictions will not be abolished at the first opportunity.

Some change is regarded as inevitable, however. How is Geest preparing for the upheaval that a new regime would bring?

Though the group's menu of businesses extends these days *inter alia* to fish and pizzas, bananas still constitute its backbone, accounting for 25 per cent of overall turnover.

The starting point of the group's strategy is that the impending changes will be EC-wide in scope. "We have to recognise that whenever the change comes and whatever the change is, it will be on a European scale," says Mr David Sugden, chief executive. "It is therefore incumbent upon us to make sure that the leading position we enjoy in the UK banana market is translated into a leading position in Europe."

To achieve this aim, Geest is acting on two fronts.

Protected bunch: grown under a cosy relationship with Geest

First, it is expanding its distribution capability by establishing links with overseas partners. Recent moves have included a joint venture with Pomona, the largest produce distributor and banana ripener in France.

That joint venture company has in turn agreed conditionally to buy control of Bargosa, one of the leading Spanish produce distributors and banana importers. As a by-product of the Spanish tie-up, Geest will gain access to supplies of Canary Islands fruit.

Second, the group has ensured that it will be able to secure supplies of low-cost central American bananas in accordance with its needs should regulations change. "We have set ourselves up to have reliable sources of both central American and protected fruit," Mr Sugden says, declining to furnish details of how this central American access has been obtained.

By adopting this strategy, Mr Sugden believes that Geest could emerge as the only European importer to handle bananas from both protected and unprotected sources. This could give it an edge in any future EC trade regime.

"The strength will go to he who can import from both types of producer," Mr Sugden predicts, "because the likely solution must be that both types of fruit will be given access to the entire European market."

Should a EC-wide free market be imposed at the earliest practicable date, Geest would attempt to continue to market the Windward Islands' produce, but is pessimistic about the islanders' ability to compete.

"The effect of a totally free market is that the price obtaining to Windward Islands fruit would be driven down to a point where the growers would gradually go out of business," Mr Sugden says.

He does not anticipate that Geest will need to improve the efficiency of its vertically integrated shipping-to-distribution network in order to compete with the US-based multinationals under a new trade regime. "In shipping and sourcing," he says, "we are as good as they are. They have no experience of distribution because they generally sell ex-quay."

Indeed, he argues that a less country-specific EC market structure might present Geest with fresh distribution opportunities. German consumers, he maintains, are offered lower quality bananas than their UK counterparts due to the tendency of German supermarkets to conduct their own distribution and ripening.

"Any fool can ripen a banana," he says. "The trick is to ripen it to the point that you can deliver it to a supermarket to a quality standard where they know the product has x days life in it. We do that precisely, and that gives UK supermarkets a real quality advantage over their German counterparts. The result is that they enjoy much better margins."

The chances are, however, that Geest would have to take on more risk in the form of exposure to market fluctuation were it to start shipping significant quantities of central American bananas.

The group's current Windward Islands contracts are structured such that it receives a more or less fixed fee for the services it provides. Only the commission it takes on the realised price for the fruit fluctuates in line with the market.

This means that the Windward smallholder benefits from higher prices when the UK market is buoyant but bears most of the brunt of low prices when the converse is the case.

Most central American fruit, by contrast, is sold on the basis of a fixed price to the grower regardless of how the retail market subsequently behaves.

Mr Sugden admits: "Possibly, we may have to take on board the risk," but adds, "if we did, our profits would probably go up on average.

"They would become more volatile but if you took a medium-term period, we would probably make higher margins on our banana business than we do now."

Pontin to stand for Bremner board

By James Buxton, Scottish Correspondent

SIR FRED Pontin, the 84-year-old founder of Pontin holiday camps, has changed his mind for the second time in a week on whether or not to allow himself to be proposed as a director of Bremner, the Glasgow-based shell company which for years has been the scene of feuding between different shareholders' factions.

Sir Fred issued a statement yesterday saying that he wished after all to be put forward as a director at an extraordinary general meeting called for January 15 at the request of himself and Mr James Rowland-Jones, who was deposed as chairman of Bremner last July.

If elected, he intends to inject "certain of my leisure interests into Bremner including Mousetrips (UK)", a company which intends to operate trips to Eurodisney in Paris. He said he was negotiating to buy a large leisure site near Paris.

Bremner shares have been suspended since July because the Stock Exchange regards it as a shell company, with £5.5m in cash as its principal asset.

Sir Fred's statement followed a company announcement late last week that he no longer wished to be associated with Mr Rowland-Jones's moves to unseat the present board of the company. Mr Ronnie Aitken, who resigned as a director in September, also said he was withdrawing his nomination.

Last July a number of directors from the Scottish financial community were elected to the board, replacing Mr Rowland-Jones and others. They said they intended to end the feuding at Bremner and merge it with another company. Since then they have settled a large number of legal actions in which the company was engaged under Mr Rowland-Jones and are negotiating for a reverse takeover. They closed down Carswell, the Glasgow stockbroker, Bremner's only trading activity.

Last week Bremner announced pre-tax profits of £174,000 (£92,000) for the six months to November 30. This became a loss of £142,000 after an extraordinary £260,000, being legal fees, costs of EGMs and closure costs at Carswell. Sir Fred said he would investigate the extraordinary items and take a substantial shareholding in Bremner.

At yesterday's AGM Mr Derek Douglas and Mr Graham Malcolm, were re-elected to the board.

Invergordon sells distillery

By Michiyo Nakamoto

INVERGORDON, the Edinburgh-based whisky producer, yesterday announced that it was selling its Deanston Distillery to Burn Stewart Group, a blender and bottler of whisky.

The sale price of £2.1m cash, was roughly in line with Invergordon's expectations.

Mr Edward Pickard, an executive director, said the disposal was a relatively small deal which was made mainly as "a tidying up of our portfolio of distilleries."

The distillery had been operating at a low level of output ever since production of Scotch whisky was cut back in the mid-1980s and was deemed no longer central to operations.

Invergordon will concentrate production of malt whisky at its four other distilleries in Scotland.

In the short term, the proceeds from the sale of the distillery, which has a net book value of £700,000, will be used to reduce the company's borrowings of slightly over £40m.

Regina renegotiates £150,000 loan terms

By Andrew Jack

REGINA HEALTH and Beauty Products, the USM-quoted supplier of Royal Jelly, has renegotiated the terms of a £150,000 loan from a newly-appointed director.

Mr Shiraz Malik-Noor, a former barrister who joined the board in the middle of this month, has agreed to provide the unsecured loan at an interest rate four points above Libor.

He has capitalised £134,600 by subscription of 9.75 per cent preference shares, immediately convertible into ordinary shares of 2p each at par.

The remaining £15,400 will be unsecured debt convertible into ordinary shares on the same terms on January 2 1991.

When originally announced, the entire loan was due to be converted to ordinary shares at par on January 2.

Lancashire and Yorkshire Portfolio Management has also announced the purchase of 10.75m ordinary shares in Regina Health, which represents 9 per cent of the enlarged capital.

It purchased 3.29m of the shares beneficially.

Kelsey raises payment to 28p

Kelsey Industries achieved a fractional increase in pre-tax profits from £3.4m to £3.44m in the 12 months to September 30.

However, the company, which manufactures solder and soldering, audio and video accessories, and is also involved in engineering, industrial roofing and insulation contracting, lifted turnover 18 per cent to £52.07m (£44.11m). Earnings rose to 64p (58.6p) per share and a recommended final dividend of 20p (18.375p) makes a total of 28p (22.5p).

Kelsey said that Multicore Solders had had a good year. Kelsey Roofing Industries had had an excellent year, but Manchester Slate & Tile had been closed due to poor results.

Oliver loses on Photo Shop sale

OLIVER GROUP, the troubled footwear retailer, is disposing of its loss-making Photo Shop subsidiary for £2.6m, less than two years after buying it for £3.87m, writes Andrew Jack.

Hemsworth Photo Finishers, the private photographic processing company which is buying the fixed assets and stocks of the chain of 41 Photo Shop outlets, offered to purchase the company from its original owner two years ago, but was outbid by Oliver in April 1989.

The subsidiary dropped into the red, and incurred losses of £940,000 for the year to December 31 1989.

Oliver Group as a whole recorded pre-tax profits of £4.07m for the period, and made losses of £1.37m in the six months to June 30 1990.

Net book value of the fixed assets and stocks of Photo Shop is £2.86m. Payment will be £1m on completion and a further two amounts of £800,000 over the next two years, guaranteed by NatWest.

"This purchase has been in the pipeline for two years," said Mr Martin Hemsworth, chairman and managing director of Hemsworth, which already owns 91 shops trading under the Foto Processing name.

"In the short term we will continue to run the shops as they are now," he said. He expressed confidence that he would turn the business around. "We will be much more aggressive in sales and marketing."

He added that he expected to take "heavy losses" until his company's year-end in May as a result of the purchase, but that he would expect to at least break even in the following year.

Electric and General

Net asset value of Electric and General Investment stood at 110.6p on November 30, compared with 138.2p a year earlier.

Net revenue for the six-month period improved to £1.67m (£1.63m) for earnings per share of 1.86p (1.8p).

Interest charges were £399,455 (£477,342).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

No Board Meetings announced for today.

FUTURE DATES

Interims-	
Debenham Tewson & Chinn.	Jan. 16
Excalibur	Jan. 14
Goode Durrant	Jan. 8
Hollas	Jan. 4
Howden	Jan. 15
Southern Electricity	Jan. 9
Finals-	
Craton Lodge & Knight	Jan. 25
First National Finance	Jan. 3
Jupiter European	Jan. 3
Southern Business	Jan. 9
Torex Hire	Jan. 10

INTERNATIONAL COMPANIES AND FINANCE

CAPITAL MARKETS

Cautious reception for DM3bn issue of bunds

By Deborah Hargreaves and Tracy Corrigan in London and Patrick Harverson in New York

THE GERMAN government's New Year Federal bond was launched into a subdued market yesterday as prices were fixed slightly lower. In spite of the cheap price of the DM3bn bonds sold by the government, retail investors were not rushing to buy.

Foreign investors are still wary of buying German bonds because of the weight of new paper expected in 1991. This hesitation and the cheap price on the new bonds pushed prices down by a few pfennigs to see the benchmark 8⅞ 10-year bond trade at 99.40 offering a yield of 8.97 per cent.

The new bond was offered to the market with a coupon of 9 per cent at a price of 100.70, which gives it a yield of 8.89 per cent at issue. But it did not sell well to start with and was trading barely within its fees later in the day.

Banks were also given a chance to bid for a further tender of bonds, the results of which will be announced today. The reasonable price on the bonds and the 9 per cent coupon, which is always attractive to retail investors, should mean the issue sells well in the long run.

It was a slow day for futures trading as less than 10,000 contracts changed hands and prices drifted downwards.

■THE LACK of trading in the UK pushed prices for gilt-edged securities slightly lower, but very little business was done in the seasonally-depressed market. Benchmark prices eased slightly, with the 11¾ per cent issue maturing in 2003/07 down about ⅛ of a point to 106¼ to offer a yield of 10.8 per cent.

■JAPANESE bond prices closed higher as the thin market exaggerated price movement to push the yield on the key 119 to 7.04 per cent from 7.08 per cent. Traders were encouraged by the slightly easier credit policy of the Bank of Japan which, they believe, indicates an easing in interest rates early in the New Year.

However, there is not much genuine demand in the market and the 7 per cent resistance level on the 119 bond is still holding.

■THE post-Christmas lull continued in the US government bond markets yesterday, with many traders and investors staying at home for the seasonal holiday. US Treasuries, however, retained the firm tone established on Wednesday, with prices at the long and short end gaining ground.

At midday the benchmark 30-year Treasury bond was up ⅝ at 105¼ to yield 8.247 per cent, while the two-year bond was 1/32 better at 100⅛, yielding 7.216 per cent.

Hopes of a peaceful resolution to the Gulf crisis continue to help sentiment. Although Wednesday's story of a date having been set for a meeting between Mr James Baker, the US secretary of state, and President Saddam Hussein, proved false, the market has drawn strength from the fact that the two countries are at least talking to each other at high diplomatic levels.

■THE HANDFUL of Eurobond issues launched yesterday were placed with Japanese investors, and are not expected to be actively traded. All the issues were denominated in yen, apart from a $20m issue of 8¾ per cent three-year bonds for JAL Finance Europe, via IBJ International.

Sumitomo Metal Industries launched two deals totalling Y50bn. Nikko Securities was the lead manager of a Y20bn issue of 7⅛ per cent bonds due May 1999, while Daiwa Europe launched a Y30bn issue of 7⅛ per cent due May 2001. Marubeni International Finance brought a Y10bn issue of three-year bonds with a 7.30 per cent coupon, via Nomura.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	102-29	-2/32	11.57	11.61	11.13
		9.000	03/00	89-16	-11/32	10.82	10.75	10.80
		9.000	10/08	88-31	-14/32	10.36	10.30	10.51
US TREASURY *		8.500	11/00	102-24	+7/32	8.09	8.02	8.27
		8.750	08/20	105-15	+11/32	8.25	8.20	8.42
JAPAN	No 119	4.800	6/99	88.1950	+0.523	7.02	7.09	7.41
	No 129	6.400	03/00	96.4572	+0.338	6.67	6.69	7.13
GERMANY		9.000	10/00	100.1000	+0.100	8.98	8.87	8.83
FRANCE	BTAN	9.000	11/95	95.3118	+0.112	10.25	10.29	10.12
	OAT	8.500	03/00	91.1900	+0.280	9.99	9.97	10.08
CANADA *		10.500	03/01	101.3750	-0.050	10.27	10.28	10.49
NETHERLANDS		9.250	11/00	100.5000	+0.000	9.17	9.09	9.06
AUSTRALIA		13.000	07/00	105.1721	+0.018	12.07	12.03	12.26
BELGIUM		10.000	08/00	99.6500	+0.075	10.04	9.76	9.74

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMPANY NEWS IN BRIEF

PHILIPS of the Netherlands has granted NEC of Japan a licence to manufacture and market semiconductors for use in consumer electronics products, writes Michael Skapinker. The chips will be used in audio visual products.

■ American Airlines, one of the largest US airlines, has been granted a restraining order prohibiting its pilots from taking industrial action which could delay or cancel flights, writes Nikki Tait. The courts will rule next week on whether the order should be made permanent.

■ Westpac, the Australian bank, has agreed to buy New Zealand's largest building society, Southland Building and Investment Society (SBIS), for an undisclosed sum.

■ Amstar of the US said it signed a letter of intent to sell the stock of its Milford Products unit to Sandvik, the Swedish cutting tools concern, for about $20m.

Itoman transfers subsidiary to Sumitomo

By Robert Thomson in Tokyo

ITOMAN, the financially troubled Japanese trading house, has stepped up its restructuring with the transfer of a real estate subsidiary to affiliates of Sumitomo Bank, which has also taken over funding obligations from some Itoman creditors.

Itoman has become a symbol of the problems facing Japanese firms which have over-indulged in the property market and now face high interest charges and sagging property prices.

Sumitomo, a traditional partner of Itoman, has sent several senior officials to assist with management, and is showing support for Itoman during visits this week to institutional creditors, who are being given a detailed description of the overhaul.

Itoman has sold its 88.2 per cent stake in Itoman Total Housing for Y9bn ($70m) to Sogo Real Estate and Otemachi Tatemono, two Sumitomo affiliates, in an attempt to reduce property debts estimated at Y876bn when the restructuring plan was announced last month.

Executives at Itoman have previously blamed Sumitomo for contributing to their troubles, saying the bank had asked the trading house two years ago to take control of the ailing Itoman Total Housing, then known as Sugiyama Shoji, which reportedly had property debts of Y250bn.

Sugiyama Shoji had focused on the development of one-room condominiums but, under the control of Itoman, broadened its investments to become a "total housing company". Itoman estimates that the share transfer will reduce the group's debts by Y77bn.

Sumitomo Bank yesterday confirmed that its outstanding loans to the three core companies of the Itoman group rose by Y54.5bn during November to Y303.4bn, about a third of the outstanding loans to the trading house by large Japanese banks.

Some banks have reduced their exposure to Itoman, and Sumitomo provided new finance to compensate for that cut in funding. At the end of November, other banks with large exposure included Sumitomo Trust and Banking with Y35.8m, the Long-Term Credit Bank of Japan with Y34.8bn, and the Bank of Tokyo with Y31bn.

Sumitomo's support for Itoman eased fears after the stock price fell to a year low of Y405 on Friday. It closed up Y13 yesterday at Y444.

Topdanmark and Wasa in talks on link

By Our Financial Staff

TOPDANMARK, the Danish insurance and banking group, said yesterday it was holding talks on a strategic alliance with Wasa, the Swedish financial group, and an unnamed insurance group in the European Community.

The alliance would include a significant cross-holding between the three, and negotiations are expected to be completed in the first half of 1991, Topdanmark said.

The news sparked heavy trading in Topdanmark shares in Copenhagen yesterday, with one block of 420,000 shares traded at DKr1140, DKr90 above Friday's closing price.

Topdanmark and Wasa are their countries' third largest insurance groups.

Wasa acquired a 5 per cent stake in Topdanmark early this year as part of a business co-operation accord, but said yesterday it had raised its stake to about 9 per cent with a purchase of 210,000 shares.

Stock market dealers speculated that the share trade could have involved the sale by the rival Danish insurer Tryg Forsikring of part of its 20 per cent stake in Topdanmark to Wasa and/or the unnamed insurer.

Mr Henning Birch, Topdanmark chief executive, said the aim of the alliance was to secure a good foothold in the single European market.

Topdanmark said in April it planned to change its corporate structure to avoid large minority shareholders having excessive influence on its operations, but later announced it would drop the plan because it had agreed with Tryg to negotiate the sale of Tryg's stake in Topdanmark.

Topdanmark, which in January merged with Aktivbanken, Denmark's ninth biggest bank, reported first-half 1990 group pre-tax profit of DKr189m ($33.5m), against DKr145m for the two companies a year earlier.

Net profit rose to DKr159m from DKr132m and total assets to DKr34.5bn from DKr12.4bn.

Bad tidings for HK toymakers

Angus Foster on Christmas casualties of the downturn in US sales

Workers at a Hong Kong toymaker's: manufacturers don't expect a prosperous New Year

As Hong Kong's toymakers tot up their Christmas takings, they could be forgiven for following Scrooge with a chorus of: "Bah, humbug".

In the all-important US market, where Christmas accounts for up to 80 per cent of some companies' annual sales, business was slow. Although final results are not known, some manufacturers in the colony reckon sales were 10 to 15 per cent below last year's disappointing totals.

With a few notable exceptions, such as the spectacularly successful Teenage Mutant Ninja Turtles made by Hong Kong-listed Playmates Holdings, toy manufacturers in the colony do not expect a particularly prosperous New Year either.

The troubles at Childworld, the second largest toy chain in the US, threaten a further consolidation of retailers, and could leave toy companies in a weaker position when negotiating with the market leader, Toys "R" Us. There are also worries about raw material costs because of the Gulf crisis.

Mr William Ho, managing director of Video Technology Group, a Hong Kong manufacturer of electronic toys which claims more than 50 per cent of the $500m-to-$600m market for electronic learning aids in the US, says 1990 sales will be 5 to 10 per cent below 1989 figures. "We're looking to maintain that level in 1991," he says.

Hong Kong was the world's largest exporter of toys until 1988, when it was overtaken by Taiwan. Its direct exports have been falling since its manufacturers started moving production to southern China for its cheap labour and land in the mid-1980s. According to industry estimates, Hong Kong toy companies now employ about 120,000 people in southern China, compared to about 25,000 in Hong Kong.

If re-exports of processed toys from Hong Kong factories in China are taken into account, the colony still probably ranks as the world's largest exporter. It sold HK$30.44bn (US$3.9bn) worth of plastic dolls, toy figures and electronic games in overseas markets in 1989. The US accounts for more than 30 per cent of that total, while the UK and Germany are also important.

With recession in the US and UK, stock levels are likely to remain low as buyers stick to re-ordering at the last minute. Margins for toy makers will also remain tight. Mr Joseph Lo, executive director of Wah Shing Toys, a contract manufacturer for US groups like Hasbro, says profit margins this year have been cut by more than half compared to 7 per cent in 1988.

The squeeze on margins saw Wah Shing announce an interim loss in October of HK$7m, compared with a profit of HK$10m a year earlier. Kader Industrial, one of Hong Kong's largest contract manufacturers, reported an improved interim result at the same time, but still made after-tax losses of HK$7.7m.

Apart from the turtles and Nintendo, a "mega-hit" Japanese video game, old favourites like Mattel's Barbie doll and Hasbro's G. I. Joe, as well as its more recent New Kids on the Block action figures, sold well this Christmas, possibly because there are few new alternatives.

The New Year is unlikely to be more exciting for the kids, either. Companies are continuing to go down-market in search of sales and are unwilling to gamble on new ideas.

In one such move, Video Technology is releasing a new and simpler range of electronic toys. They are aimed at a lower age group and will retail at below $20. The average retail price for the company's existing range is $35, which Mr Ho considers too high.

Mr David Yeh, chief executive officer of Universal Matchbox, agrees. "Nothing more than US$20 is retailing in the US," he says. Universal Matchbox, which is listed on the New York stock exchange, acquired the Matchbox brand name from Lesney of the UK in 1982. Mr Yeh says he, like many other manufacturers, will concentrate on low- to medium-price toys in 1991.

But while moving down-market may prop up sales, it will inevitably affect profitability. Video Technology's latest interim results, announced a week before Christmas, showed sales up 25 per cent to HK$1.56bn while profits remained static at HK$80.3m. The company still hopes for a listing on a US exchange in the New Year.

In spite of the uncertain outlook, it is not all doom and gloom. Although sales to the US are flat, sales to Europe are up strongly. Hong Kong's exports and re-exports to Germany climbed more than 50 per cent to HK$1.64bn in the first 10 months of this year.

"During past recessions people have still spent money on toys; [the question is] which companies' toys?" asks Mr Ho. He points to sales of his company's Little Smart Driver, a playtime car dashboard, which have held up well this year, despite a retail price of $40.

Manufacturers also believe that two years after the collapse in the US of toy giants Coleco and Worlds of Wonder, Hong Kong companies are better managed and better placed to benefit if the toy market picks up again in 1992. The move into China has restored their price competitiveness and companies are less reliant on single buyers or products.

In the meantime, manufacturers are banking on a couple of New Year's wishes coming true. For one, they hope to see the European market holding steady in 1991.

Companies report strong growth from Germany, Spain and France, while Mr Yeh says Universal Matchbox had a "very good year" in the UK. The company also made its first significant profit, about $1m, in eastern Europe from sales of $6.2m. Other manufacturers are heading for east Europe, although the business is likely to be very low-margin.

Although few toy makers in Hong Kong would admit it, the best news would be a fall in the success of Playmates' Turtles and Nintendo, which have dominated the boys' toy sector in the US, and are now taking over in the UK.

"When someone has a real winner, you're always going to get jealousies because they are stealing your business," explains the manager of one of Playmates' competitors. "But at least we all know, the turtles cannot go one forever. Can they?"

MANAGEMENT

Stephen Fidler examines the tensions between the London-based investment bank, CSFB, and its sister company in New York, CS First Boston

When family loyalties are placed under severe strain

Just off London's Oxford Street, the offices of Crédit Suisse First Boston are seething with discontent. Like a large number of others in the international securities business, many of the senior staff have just suffered a serious loss of wealth. Some have been forced to sell their houses; others are said to be unable to pay the interest on the loans they have taken out to buy a stake in the company.

Their stake in the company stands at a fraction of the price it was a year ago. But the reason for it lies not with their own folly, but 3,000 miles away in the poor management of its US sister, First Boston. Two years after a restructuring intertwined CSFB with First Boston, the New York firm has had to be bailed out by its Swiss parent. Those at CSFB are paying some of the price for the billions of dollars in losses on the short-term credits, property loans and other unwise investments of its sister.

There will be few tears in the City of London over CSFB's misfortune. The firm, led by the shrewd Hans-Jörg Rudloff, has always been a force more respected than loved in the City. But respected it has been; for most of a decade of change in the securities industry, CSFB has stood out and seemed almost always to be at the forefront of the business.

Established in 1978, it was a successor to a profitable partnership between Crédit Suisse and the US securities firm, White Weld, which was broken up when White Weld was absorbed by Merrill Lynch. A complicated ownership structure in effect gave Crédit Suisse 60 per cent and First Boston 40 per cent.

CSFB's success was measured not only in terms of the international bond market league tables, but also in terms of earnings. According to CSFB officials, for much of the 1980s, CSFB's average return on capital was an impressive 35-40 per cent.

This was achieved with little or no interference from its parent. Indeed, Crédit Suisse's positive experience with CSFB appears to have been behind the freedom with which First Boston was allowed to run its operations after the group was restructured in 1988.

Although CSFB's troubles derived from the restructuring, Rudloff is unrepentant about the need for change. He believes it was necessary to reflect the shifts in the international capital markets that had taken place over the 1980s.

At the beginning of the decade, the world could be split into a handful of separate capital markets with little overlap among them. A joint venture working in the segregated Euromarket – as the offshore capital market based in London was known – posed no problem for either Crédit Suisse or First Boston.

But when government after government began to lift controls on the transfer of capital, the barriers between capital markets were removed and every financial intermediary, wherever based, became a potential competitor of every other. CSFB found itself competing with its shareholders. First Boston had established an operation in London, including a mergers and acquisitions team, while Crédit Suisse had also moved into the UK, buying the stockbroker, Buckmaster and Moore.

The restructuring created a New York-based holding company called CS First Boston with the business of its three main subsidiaries divided geographically. First Boston would be responsible for American operations, CSFB would hold sway in Europe (outside Switzerland), and a new group, CS First Boston Pacific, would be created to handle far eastern business.

The rationale was to avoid what Rudloff calls the "global trap". This, he claims, is a weakness in the strategies of even heavyweight competitors such as the Frankfurt-based Deutsche Bank, and Goldman Sachs and Morgan Stanley of the US. "You can't rule the world from a centralised operation in New York and you can't run a New York operation out of Frankfurt; you won't understand the cultural differences."

Rudloff contrasts his support for the new structure with strong criticism of First Boston management. He is on record as describing First Boston's senior officers as displaying "incompetence matched only by their arrogance". But whereas before, the differences between London and New York related to different approaches to the business, the collapse in the value of equity in CS First Boston has done far more damage: directly hit the pockets of the people at CSFB.

Some officials in London are by implication critical of the performance of their former boss, Jack Hennessy, who moved in to New York from London on the reorganisation in 1988. It is hinted that the management deficiencies at the root of the problem in New York were not tackled quickly enough.

Even after 1988, First Boston continued to extend short-term loans to highly-indebted companies. Weak management was allowed to remain in place and some expensive new hirings – such as that of a former Salomon Brothers bond trading team – were immediately seen as mistakes in London. There continued to be little interference from Switzerland.

Hans-Jörg Rudloff: attempting to rebuild shattered morale

When First Boston's problems intensified earlier in the year, it was left borrowing very short-term and lending long-term. It was a classic banking error. As Rudloff says: "The mistakes in banking are always the same, only the names change."

In strict banking terms, CSFB should have suffered from all this, since there was nothing preventing transfers of funds between the two. But there is no evidence that customers or creditors drew back from CSFB because of worries about the credit of First Boston and Rudloff denies that this occurred.

Now one of Rudloff's priorities is to attempt to rebuild the shattered morale. Part of the answer to this lies in New York, he says, in the hands of Archie Cox, his opposite number there taken on earlier in the year. Rudloff knows him from the days when Cox headed Morgan Stanley's London operations. There was "a lot of respect between the two operations," he says now. "Everybody here viewed Cox as a solid decent businessman, who was not a political animal. His taking over is probably the biggest improvement we can look for."

But, he suggests, Cox must continue to act decisively to remove the architects of the failure from across a wide range of First Boston's business: real estate, bond trading, the equity department.

Much of the rest of the answer lies with Rudloff himself. He has a reputation as a hands-on manager with little respect for tradition. He is credited – and, not being a modest man, credits himself – with shaking up the hidebound Swiss bond market to the benefit of Credit Suisse and the other big banks.

Tough and knowledgeable about the markets, he was a driving force behind CSFB's success in the 1980s. After a year spent travelling to New York and Zurich, he intends to concentrate on London in the months ahead. No doubt to mixed feelings among the traders, he is moving his office down to the trading floor in the new year.

This is central to Rudloff's thinking. Investment banks still employ relatively small numbers of people – CSFB's staff runs to around 700 – and it is possible to keep close to the markets. "We are in the fastest-changing business. If you are not day-to-day in the business, you will never hit upon the right strategies. You see lots of firms that don't do so well and it's usually because their top management has no idea about what's going on." He adds: "Investment banking is a business you can't do from a distance."

If these are the tactics, CSFB's strategy is also clear, he claims. From a financial point of view, Europe has been decentralising away from London for some years and CSFB has followed it. Many other European countries now offer the same regulatory framework that previously was only offered in the City.

As a response, CSFB began three years ago to expand in continental Europe, in Frankfurt, Amsterdam, Paris and Budapest, where the firm has just opened an office. A greater proportion of CSFB's income is now being generated outside London, a trend he expects to continue.

In Paris, most of the company's business comes from the domestic market. A team of a dozen people trades on the DTB futures and options market in Frankfurt. (None speaks German.) He says about 30 per cent of CSFB profits come from Germany, where CSFB is important in initial public offerings of shares.

The trend is evident even in the bond market. "Italian companies are issuing Eurobonds now and no London firm is involved. Ecu bond issues get done in Paris without a single London underwriter being involved. These are significant changes which point to a reduced role for London," says Rudloff.

Rudloff saw another gap in the firm's armoury when he returned from Zurich in 1988 to take over CSFB in London. It had fallen behind in the field of derivative products. This is the high-technology end of the capital markets, where futures options, swaps and complicated combinations of these are created and sold to customers, usually at a generous mark-up.

CSFB was, for example, having to ask competitor firms to arrange the foreign exchange or interest rate swaps on bond issues it was arranging. Swaps are integral to the international bond market these days. Not being strong in derivatives also meant that CSFB "was not at the cutting edge", he says.

The solution was audacious: to steal a whole team of one of the most highly regarded derivatives groups in the business, from Bankers Trust. The head of the group was Allen Wheat, who at 41 and head of CS First Boston Pacific, may be destined to run CS First Boston one day. With him went almost a score of top traders from Bankers Trust in London.

Success in the business is highly dependent on having large credit lines and a top credit rating, neither of which CSFB could claim itself. Credit Suisse provided the answer, taking over half of the company but only a 30 per cent direct share in the profits. It also gave Wheat and his team credit lines which should carry him through at least three years of business.

CSFB officials say the department, which has built up to about 120 people, is already highly profitable; and it has more than made back its start-up costs. The claim is that the new group's technical skills have combined potently with CSFB's client relationships, relationships that Bankers Trust did not have.

Despite this, CSFB does not see the product-led development of the securities markets in the 1980s lasting into the new decade. Many new financial products – some pioneered and exploited by CSFB itself – have been found wanting. The changes it foresees are in the market's structure: the scaling down of many more financial institutions and a continued government reaction to the financial deregulation disasters of the 1980s.

If Rudloff lives up to his reputation, CSFB will still be a central player in Europe's securities markets into the 1990s. But his first task is to raise morale, and CSFB's parent is trying to help. Despite pumping nearly $1bn into CS First Boston this year, CS Holding is still allowing bonuses to be paid. The bonuses carry handcuffs; nearly half would have to be paid back if people quit within a certain period.

One CSFB official calls the paying of bonuses this year "a highly questionable practice in economic terms". On the other hand, CS Holding recognises that it owns a service company with highly mobile assets. If people start heading for the exits, its already-dented strategy of becoming a prime force in the worldwide securities business will finally be proved an expensive mistake.

(This is the second of two articles on CS First Boston. The first, about First Boston in New York, appeared on December 17.)

Management abstracts

Showing the shareholders your hand. *R Newton in Financial Director (UK), July 90 (4 pages).*

Discusses the state of investor relations, seeing – in the view of a BP spokesperson – it to be a critical element in aiding shareholder value. Draws attention to various companies' approaches, and refers to the part investor relations plays in an overall communications programme; so, for Kingfisher, what is said to investors has to be consonant with what is said to the press. Comments on reports (the glossier they are, the greater the trouble the company is in), and concludes that investor relations is not an "instrument of hype"; it's "about delivering the goods as much as communicating".

Rewards tied to long-term success. *TJ Bergmann and others in HR Magazine (US), May 90 (4 pages).*

Criticises compensation packages for executives in US companies for exacerbating differences between management and labour, for wrongly promoting a focus on short-term objectives, and for being designed by self-interested personnel officers (rather than consultants to the board, for example). Proposes that compensation should include, in addition to base salary and short-term incentive scheme, a long-term element such as a deferred bonus based on future stock prices.

Where business schools fail to meet business needs. *A Warner in Personnel Management (UK), July 90 (6 pages).*

Asserts that general management courses at recognised business schools are attended mainly by managers from small and medium-sized organisations of lower complexity and have become less attractive to top international companies which have more sophisticated needs. Shows how much companies (eg National Starch and Chemical and BP) are increasingly developing their own more flexible training modules and programmes, customised to meet their individual requirements. Examines the implications of this trend for the business schools.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

BUSINESSES FOR SALE

LEGAL NOTICES

COMPANY NOTICES

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هكذا من الأصل

Until 31st December 1990 We were there.

FRANCE

Beghin-Say........
Do. Certs ....
Bongrain...........
Bouygues.........
CFAO ....
CGIP...............
CMB Packaging.
Carrefour ....
Casino............
Cetelem..........
Chargeurs.......
Ciments Fr.......
Club Méditerrar
Cogifi.............
CGE...............
Conarex.........

1st January 1991 We are there.

FRANCE

Alcatel Alsthom..
Beghin-Say........
Do. Certs ....
Bongrain...........
Bouygues.........
CFAO ....
CGIP...............
CMB Packaging
Carrefour ....
Casino............
Cetelem..........
Chargeurs.......
Ciments Fr......
Club Méditerrar
Cogifi............
Conarex.........

On 1st January 1991, the name CGE will disappear from the Stock Exchange listings. It will be replaced by Alcatel Alsthom, a name which reflects our positions as a world leader in the fields of communication, energy, transport and allied services. It's a name that will make us internationally recognisable and, therefore, more competitive. So on 1st January 1991, look for us higher up the list.

ALCATEL
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Alcatel Alsthom 54, rue La Boétie 75008 Paris, France

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday December 27 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Mon Dec 24 Index No.	Fri Dec 21 Index No.	Thu Dec 20 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (196)	721.48	+0.3	14.75	6.62	8.27	35.31	719.27	721.34	721.34	916.94
2	Building Materials (26)	988.02	+0.9	14.58	6.19	8.44	45.71	978.98	981.24	974.33	1116.31
3	Contracting, Construction (34)	1133.25	+1.0	16.49	7.10	7.88	59.58	1121.92	1123.21	1129.18	1519.68
4	Electricals (10)	1884.58	-0.4	14.91	7.08	8.20	99.22	1892.21	1902.93	1928.26	2640.08
5	Electronics (26)	1539.64	-0.1	10.40	5.59	12.81	61.02	1541.09	1546.11	1554.56	1920.58
6	Engineering-Aerospace (8)	400.06	-0.8	16.78	6.10	7.14	17.27	403.36	404.08	399.30	0.00
7	Engineering-General (48)	364.84	+0.2	16.03	7.03	7.53	19.28	364.18	364.49	364.91	0.00
8	Metals and Metal Forming (8)	404.30	+0.3	22.60	8.51	5.46	25.45	403.29	402.18	402.66	474.35
9	Motors (13)	293.93	-0.1	16.98	8.18	6.86	17.45	294.24	294.97	294.32	382.32
10	Other Industrial Materials (23)	1249.32	+0.4	13.49	6.54	8.57	62.67	1243.95	1251.29	1252.84	1725.56
21	CONSUMER GROUP (178)	1233.24	+0.7	9.93	4.22	12.51	38.20	1224.58	1231.81	1230.10	1321.92
22	Brewers and Distillers (22)	1603.83	+0.7	10.16	3.88	12.13	42.93	1591.91	1600.13	1598.49	1534.97
25	Food Manufacturing (19)	1034.18	+0.2	11.23	4.78	10.97	34.87	1032.12	1036.35	1032.01	1159.81
26	Food Retailing (16)	2292.15	+0.5	9.82	3.28	13.31	64.97	2281.68	2296.13	2290.91	2306.18
27	Health and Household (18)	2576.85	+1.0	6.93	2.94	17.09	59.28	2552.46	2576.26	2562.10	2701.28
29	Leisure (32)	1222.76	+1.4	12.15	5.46	9.99	48.00	1205.61	1208.69	1210.24	1651.09
31	Packaging & Paper (12)	521.57	-0.1	10.24	6.59	11.98	24.32	522.34	522.01	523.46	551.57
32	Publishing & Printing (13)	2956.44	-0.1	12.15	6.41	10.30	140.95	2959.34	2962.78	2960.21	3776.31
34	Stores (34)	785.36	+1.0	10.87	4.65	11.99	25.73	777.47	783.45	787.89	799.80
35	Textiles (12)	412.00	+0.2	14.13	8.62	9.08	27.62	411.36	411.47	410.46	526.18
40	OTHER GROUPS (105)	1015.61	+0.6	12.54	5.69	9.65	35.54	1009.36	1015.09	1014.35	1194.58
41	Agencies (14)	941.37	+2.3	11.26	3.57	10.75	25.06	920.13	923.33	915.53	1564.82
42	Chemicals (23)	1046.75	+0.2	12.96	6.45	9.11	51.96	1045.01	1051.58	1056.11	1229.34
43	Conglomerates (13)	1303.21	+0.9	13.50	7.67	8.81	45.14	1291.13	1302.13	1304.85	1623.85
44	Transport (15)	1902.93	+0.2	13.68	5.39	8.99	79.19	1899.25	1904.83	1906.37	2325.94
46	Telephone Networks(3)	1172.16	+0.6	11.41	4.31	11.40	27.94	1164.99	1177.30	1169.59	1257.88
47	Water(10)	2206.25	+0.8	14.20	6.35	7.95	68.12	2188.87	2175.51	2145.06	0.00
48	Miscellaneous (27)	1575.62	+0.4	11.84	5.70	9.82	66.29	1569.52	1572.10	1587.61	1945.96
49	INDUSTRIAL GROUP (479)	1041.48	+0.6	11.78	5.20	10.40	37.64	1035.33	1040.70	1039.78	1195.49
51	Oil & Gas (21)	2339.50	-0.1	9.56	5.45	13.66	95.42	2341.88	2315.05	2295.95	2436.78
59	500 SHARE INDEX (500)	1148.10	+0.5	11.44	5.23	10.80	42.32	1142.54	1145.52	1143.22	1298.96
61	FINANCIAL GROUP (102)	715.13	+0.4	-	6.71	-	35.36	712.63	715.86	714.50	857.64
62	Banks (9)	760.61	+0.6	21.17	7.61	6.18	43.40	755.73	760.51	752.54	882.52
65	Insurance (Life) (7)	1280.71	+0.4	-	6.00	-	55.82	1276.23	1278.73	1285.89	1451.86
66	Insurance (Composite) (6)	619.31	+0.1	-	6.90	-	32.08	618.77	622.29	626.69	756.59
67	Insurance (Brokers) (8)	1005.07	+1.0	7.53	6.44	17.40	48.39	994.74	993.12	988.94	1173.59
68	Merchant Banks (7)	357.40	-0.3	5.45	5.75	24.46	15.48	358.51	357.96	359.26	478.51
69	Property (44)	967.81	......	7.27	5.15	18.62	35.10	967.39	971.50	972.78	1223.66
70	Other Financial (21)	253.51	......	10.81	7.17	11.70	14.00	253.63	254.50	254.70	337.72
71	Investment Trusts (70)	1009.26	+0.1	-	4.01	-	29.58	1008.16	1008.44	1003.73	1293.05
91	Overseas Traders (5)	1206.92	+0.5	11.83	7.65	10.07	70.90	1200.81	1199.39	1196.34	1567.05
99	ALL-SHARE INDEX (677)	1041.26	+0.5	-	5.43	-	40.20	1036.52	1039.42	1037.27	1193.66

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 24	Dec 21	Dec 20	Dec 19	Dec 18	Year ago
FT-SE 100 SHARE INDEX‡	2167.8	+11.5	2167.8	2155.7	2156.3	2164.4	2158.8	2178.7	2161.8	2398.8

FIXED INTEREST

	PRICE INDICES	Thu Dec 27	Day's change %	Mon Dec 24	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.63	+0.03	118.59	-	12.54
2	5-15 years	127.07	-0.07	127.16	-	13.63
3	Over 15 years	129.85	-0.13	130.02	-	12.32
4	Irredeemables	146.09	-0.43	147.72	0.99	14.69
5	All stocks	126.29	-0.04	126.36	0.01	13.30
	Index-Linked					
6	Up to 5 years	156.84	-0.05	156.91	-	3.04
7	Over 5 years	143.68	-0.14	143.87	-	4.15
8	All stocks	144.55	-0.13	144.74	-	4.06
9	Debentures & Loans	104.17	-0.05	104.23	-	11.35
10	Preference	74.24	-0.04	74.27	-	6.66

	AVERAGE GROSS REDEMPTION YIELDS		Thu Dec 27	Mon Dec 24	Year ago (approx.)
	British Government				
1	Low	5 years	10.05	10.03	10.19
2	Coupons	15 years	10.27	10.26	9.60
3		25 years	10.30	10.28	9.54
4	Medium	5 years	11.12	11.11	11.06
5	Coupons	15 years	10.63	10.61	10.03
6		25 years	10.44	10.41	9.68
7	High	5 years	11.22	11.22	11.20
8	Coupons	15 years	10.82	10.79	10.23
9		25 years	10.60	10.56	9.82
10	Irredeemables†		10.45	10.40	9.65
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.13	4.09	3.82
12	Inflation rate 5%	Over 5 yrs.	4.18	4.16	3.62
13	Inflation rate 10%	Up to 5 yrs.	2.79	2.75	2.92
14	Inflation rate 10%	Over 5 yrs.	3.99	3.98	3.44
15	Debs &	5 years	12.59	12.53	13.21
16	Loans	15 years	12.37	12.32	12.47
17		25 years	12.15	12.12	12.03
18	Preference†		12.77	12.76	10.84

‡Opening index 2159.4; 9 am 2157.5; 10 am 2158.0; 11 am 2159.2; Noon 2164.7; 1 pm 2166.2; 2 pm 2166.3; 2.30 pm 2166.4; 3 pm 2166.7; 4.10 pm 2167.4; (a) 4.28pm (b) 9.17am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. YEAR END RECLASSIFICATIONS: 48 changes are tabulated on page 18 of the December 10th issue of the Financial Times. CONSTITUENT CHANGES: ADDITION: Southern Electric (48). DELETION: Foseco (42).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	48	38
Corporations, Dominion and Foreign Bonds	0	5	16
Industrials	276	195	1,092
Financial and Properties	142	96	510
Oils	22	17	54
Plantations	4	1	5
Mines	27	30	95
Others	71	43	99
Totals	542	435	1,909

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	100	97	Aberforth Smaller Co.	100		-	-	-	-
-	F.P.	-	30	28	Do. Warrants	30		-	-	-	-
240	100	-	169	141	East Midlands Elect. 50p	147		R15.04	1.7	7.0	10.0
240	100	-	149½	135	Eastern Elect. 50p	138	+2½	R14.45	1.6	6.9	10.6
§100	F.P.	-	103	95	‡Eidos 10p	95		-	-	-	-
-	F.P.	-	2575	2525	Eurotunnel Fndr. Wrrnts.	2575		-	-	-	-
2	F.P.	-	4½	3	Finlan Group 1p	3		-	-	-	-
240	100	-	152½	138	London Elect. 50p	142	+1	R14.9	1.7	7.0	9.9
-	F.P.	-	22	19	‡MMI 1p	19		†1.0	2.4	7.0	7.3
240	100	-	180	159	Manweb 50p	172		R16.0	1.8	6.8	9.4
240	100	-	159½	137	Midlands Elect. 50p	141	+1	R15.04	1.8	7.1	9.2
240	100	-	157½	139	Northern Elect. 50p	148	+2	R16.25	1.9	7.5	8.4
240	100	-	156	144	Norweb 50p	148	+2	R15.63	1.7	7.2	10.5
-	F.P.	-	17	8	‡Paramount 2½p	9½		-	-	-	-
† £2400	1000	-	£1600	£1450	Reg. Elect. Pkg. Unit	£1483	+23	-	-	-	-
240	100	-	152	139	Seeboard 50p	141		R14.76	1.7	7.0	10.6
§100	F.P.	-	96	68	Smaller Cos. Inv. Tst50p	68	-1	-	-	-	-
-	F.P.	-	23	16	Do. Warrants	17		-	-	-	-
240	100	-	170	159	South Wales Elect. 50p	170	+6	R15.96	1.9	6.9	9.4
240	100	-	158	144	South Western Elect. 50p	150	+4	R15.2	1.6	7.0	10.9
240	100	-	157	139	Southern Elect. 50p	142	+1½	R14.45	1.6	6.8	10.6
50	F.P.	-	45	38	Trio Inv. Tst.	45		-	-	-	-
-	F.P.	-	11	5	Do. Warrants	9		-	-	-	-
240	100	-	173	152½	Yorkshire Elect. 50p	159	+1	R15.44	2.1	6.9	8.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	99¼p	Bank of Scotland 9¼pc Non Cm Pf £1	99¼p	
100	F.P.	-	101	60	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	65	
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	86	
‡	P/P	29/11	38p	32½p	‡Greenacre Group Cv. Rd. Prf. 70p	35p	
35	-	-	32½	30½	Grovewood Securities 8pc Cv Ln 2000	32½	
100p	F.P.	28/9	104p	91p	Perkins Foods 8p (Net) Cv Rd Pf	103p	
100p	F.P.	-	121½p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	121½p	+½
100p	F.P.	-	102p	96p	TT Group 10⅞pc Cnv. Red. Prf. 1997	100p	
100	F.P.	-	110½	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	108	+¼
100p	F.P.	-	110p	103p	Worcester Cm Rd Cv Pf	110p	+2
100p	F.P.	-	105p	43p	Wyndham Group 9.375pc Cm. Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
50	Nil	-	8pm	5pm	Cattle Holdings 10p	5pm	
170	Nil	-	23pm	15pm	Control Techs. 10p	15pm	
45	Nil	-	4pm	3pm	Excalibur Group 5p	3pm	
65½	Nil	-	½pm	¼pm	Intl. Bus. Comms	¼pm	-¼
5	Nil	-	¼pm	¼pm	‡Merchant Man. Est. "A"	¼pm	
6	Nil	-	½pm	¼pm	‡Surrey Group 5p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Dec. 17
- Last Dealings Jan. 4
- Last Declarations Mar. 27
- For settlement Apr. 8

For rate indications see end of London Share Service

Calls: Brasway, Brent Walker, Conroy, Tuskar Res. Puts: Ratners. Put & Call: Next.

LONDON TRADED OPTIONS

[illegible]

December 27 Total Contracts 6,665 Calls 4,189 Puts 2,476

FT-SE Index Calls 2,066 Puts 1,397

Euro FT-SE Calls 0 Puts 128

*Underlying security price. † Long dated expiry months

WORLD COMMODITIES PRICES

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$22.15-2.25t	+0.275
Brent Blend (dated)	$26.95-7.05	+0.10
Brent Blend (February)	$26.32-6.40	+0.425
W.T.I. (1 pm est)	$26.83-6.85t	+0.485

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$265-268	+5
Gas Oil	$278-279	+8.5
Heavy Fuel Oil	$137-140	
Naphtha	$269-272	+6
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$382.50	+0.50
Silver (per troy oz)♣	409.75c	+5.55
Platinum (per troy oz)	$408.00	-7.25
Palladium (per troy oz)	$83.50	-4.25
Aluminium (free market)	$1540	+17.5
Copper (US Producer)	117c	+2
Lead (US Producer)	50c	
Nickel (free market)	380c	-15
Tin (Kuala Lumpur market)	14.99r	+0.08
Tin (New York)	261c	+4
Zinc (US Prime Western)	70c	
Cattle (live weight)†	111.08p	*+1.82
Sheep (dead weight)†	161.46p	*+21.8
Pigs (live weight)†	86.27p	*+9.84
London daily sugar (raw)	$249.6z	
London daily sugar (white)	$307.0z	
Tate and Lyle export price	£240.5	+3.5
Barley (English feed)	£122.5z	
Maize (US No. 3 yellow)	£163.0	
Wheat (US Dark Northern)	£87.0	
Rubber (Jan)♥	52.50p	+1.25
Rubber (Feb)♥	53.50p	+2.00
Rubber (KL RSS No 1 Jan)	239.5m	-0.5
Coconut oil (Philippines)§	$355.0w	
Palm Oil (Malaysian)§	$330v	
Copra (Philippines)§	$235x	
Soyabeans (US)	£141	
Cotton "A" index	84.60c	
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	216.40	215.00	222.40 216.00
May	216.60	217.80	223.40 216.00
Aug	222.00	222.00	224.00
Oct	220.60	221.20	226.00 220.60
Dec	230.00		220.00

White	Close	Previous	High/Low
Mar	301.5	301.5	307.0 300.5
May	301.5	301.4	305.0 299.0
Aug	306.5	307.9	311.0 309.0

Turnover: Raw 1888 (672) lots of 50 tonnes. White 622 (235)
Paris- White (FFr per tonne): Mar 1584, May 1589, Aug 1630, Oct 1529.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Feb	26.45	26.77	26.60 26.30
Mar	25.32	25.55	25.60 25.22
Apr	24.50	24.50	24.50
IPE Index	26.59	25.57	

Turnover 4843 (1713)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Jan	265.25	266.50	265.25 261.50
Feb	251.75	254.75	251.75 249.00
Mar	236.00	239.00	236.00 234.00
Apr	220.00	216.25	220.00 217.00
May	211.00	215.00	213.00 210.50
Jun	207.00	212.00	208.00 207.00
Jul	205.00	210.00	205.50 205.00

Turnover 15394 (1513) lots of 100 tonnes

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Dec	625	633	625
Mar	670	677	680 665
May	706	714	715 704
Jul	733	740	741 732
Sep	764	769	770 760
Dec	795	798	800 791
Mar	816	826	826 814

Turnover: 3585 (3648) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for Dec 21 885.59 (882.40) 10 day average for Dec 26 900.30 (903.82)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jan	596	604	600 590
Mar	571	584	579 565
May	585	591	587 575
Jul	601	604	601 592
Sep	616	618	608
Nov	631		620

Turnover: 3505 (1945) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Dec 26: Comp. daily 70.46 (71.70). 15 day average 73.34 (73.35)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
Apr	134.7	133.5	134.8 133.0

Turnover 9 (32) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)

	Close	Previous	High/Low
Apr	120.00	119.00	120.00

Turnover 10 (40) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
Jan	1453	1455	1455
Apr	1340	1335	1340
BFI	1450	1449	

Turnover 28 (61)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
Jan	119.30	119.40	119.20
Mar	122.65	122.90	122.65
Nov	111.75	111.75	111.75

Barley	Close	Previous	High/Low
Jan	114.55	114.90	114.70 114.55
Mar	118.15	118.70	118.30 118.25
May	119.50		119.50

Turnover: Wheat 17 (273), Barley 30 (68). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	91.0	90.1	
Feb	92.5	92.0	

Turnover 0 (16) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 13,545 lots
Cash	1525-30	1513-5	1536	1535-6		
3 months	1560-3	1551-2	1573/1560	1572-3	1561-2	58,816 lots
Copper, Grade A (£ per tonne)						Total daily turnover 13,954 lots
Cash	1339-40	1326-7	1348/1340	1344-5		
3 months	1350-1	1340-1	1366/1342	1355-6	1346-9	108,176 lots
Lead (£ per tonne)						Total daily turnover 2,082 lots
Cash	323-5	313-4	322/320	319-20		
3 months	336-8	328-9	338/332	332-2.5	335-6	10,786 lots
Nickel ($ per tonne)						Total daily turnover 1,204 lots
Cash	8350-400	8570-600	8400/8375	8350-75		
3 months	8360-75	8540-60	8525/8225	8375-400	8225-50	8,170 lots
Tin ($ per tonne)						Total daily turnover 1,710 lots
Cash	5590-610	5545-60	5580/5655	5655-60		
3 months	5710-5	5670-80	5720/5680	5660-5	5710-30	7,283 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,487 lots
Cash	1263-5	1252-5	1262/1259	1259-9.5		
3 months	1263-4	1255-6	1265/1258	1259-60	1256-60	18,889 lots

LME Closing £/$ rate: SPOT: 1.8870 3 months: 1.8628 6 months: 1.8425 9 months: 1.8233

BGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	159.2		159.2		
Feb	160.0		160.0		170
Mar	160.0	159.70	160.0		30
Jun	159.0	159.10	159.0		170

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	382.00-383.00	
Opening	384.25-384.75	
Morning fix	383.75	203.473
Afternoon fix	382.80	203.457
Day's high	384.50-385.00	
Day's low	381.25-382.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	7.11	6 months	5.80
2 months	6.08	12 months	5.50
3 months	5.82		

Silver fix	p/fine oz	US cts equiv
Spot	217.45	409.75
3 months	224.30	417.35
6 months	231.35	425.25
12 months	245.40	441.95

TRADED OPTIONS

Coffee	Mar	May	Mar	May
600	74	87	4	4
550	37	49	17	16
600	18	23	46	40

Cocoa	Mar	May	Mar	May
650	46	77	26	22
700	24	49	54	44
750	12	30	92	75

Brent Crude	Feb	Mar	Feb	Mar
2500		240		280
2550				
2600				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	385.3	385.6	386.2	383.0
Jan	385.4	386.6	0	0
Feb	387.6	387.4	388.0	384.8
Apr	390.9	390.8	391.3	388.5
Jun	394.5	394.5	394.0	391.6
Aug	398.0	398.0	395.6	395.4
Oct	401.4	401.5	0	0
Dec	404.9	405.1	0	0
Feb	408.8	409.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	405.4	409.7	408.5	401.0
Apr	408.9	412.4	411.5	405.5
Jul	413.2	416.7	415.0	411.0
Oct	417.1	420.9	419.0	417.5
Jan	421.9	425.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	409.3	409.5	410.0	405.5
Jan	410.0	410.8	410.0	406.0
Feb	412.8	413.3	0	0
Mar	415.5	415.6	417.5	411.0
May	421.2	421.5	421.5	418.0
Jul	426.7	427.0	427.0	423.0
Sep	432.1	432.5	431.0	430.0
Dec	439.7	440.2	438.0	437.0
Jan	441.7	442.2	0	0
Mar	448.0	448.5	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 27	Dec 21	mnth ago	yr ago
1718.6	1714.3	1703.8	1816.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 26	Dec 24	mnth ago	yr ago
Spot	123.92	123.66	123.17	127.83
Futures	126.33	125.93	124.83	129.74

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	112.50	113.15	114.20	111.35
Jan	113.25	113.00	113.50	112.90
Feb	112.50	112.50	113.00	112.30
Mar	111.10	111.10	111.90	110.60
Apr	110.15	109.90	0	0
May	109.10	108.70	109.50	108.60
Jun	108.10	107.60	0	0
Jul	107.10	106.30	107.40	106.50
Aug	106.20	105.55	0	0
Sep	105.30	104.85	105.40	104.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	26.82	27.22	27.17	26.77
Mar	25.90	26.27	26.20	25.85
Apr	24.90	25.25	25.15	24.89
May	24.05	24.35	24.23	24.02
Jun	23.43	23.63	23.50	23.40
Jul	22.87	23.09	22.93	22.80
Aug	22.55	22.70	22.70	22.58
Oct	22.10	22.24	22.10	22.05

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	8055	8126	8100	8045
Feb	7790	7836	7830	7765
Apr	6875	6906	6935	6865
May	6600	6563	6615	6520
Jun	6360	6333	6415	6320

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1149	1176	1173	1137
May	1191	1216	1212	1181
Jul	1235	1257	1258	1225
Sep	1265	1296	1293	1265
Dec	1310	1335	1315	1315
Mar	1350	1375	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	87.95	87.40	88.80	87.80
May	90.25	89.85	91.15	89.80
Jul	92.65	92.10	93.45	92.30
Sep	95.00	94.10	95.60	94.25
Dec	97.75	96.80	98.15	97.25
Mar	99.55	99.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.70	9.90	10.01	9.66
May	9.75	9.93	10.04	9.74
Jul	9.79	10.00	10.05	9.78
Oct	9.79	9.98	10.05	9.78
Mar	9.83	9.97	10.06	9.95
May	9.95	10.04	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	76.69	77.25	77.30	76.65
May	75.57	76.20	76.30	75.45
Jul	74.87	75.41	75.45	74.85
Oct	68.10	68.45	68.45	68.30
Dec	65.32	65.45	65.46	65.25
Mar	66.12	66.15	0	0
May	66.55	66.65	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	116.50	116.10	118.10	116.10
Mar	119.60	119.95	120.90	119.25
May	121.90	123.00	122.95	121.00
Jul	123.10	123.50	124.00	122.50
Sep	123.50	124.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	561/6	566/4	566/0	561/2
Mar	577/2	582/4	583/2	577/0
May	591/4	596/4	597/2	591/0
Jul	605/4	610/6	611/4	605/0
Aug	608/0	613/0	613/6	608/0
Sep	607/0	609/2	610/0	608/4
Nov	609/6	612/2	615/0	609/4
Jan	621/2	623/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.86	20.94	20.96	20.78
Mar	21.24	21.34	21.37	21.19
May	21.57	21.70	21.73	21.54
Jul	21.79	21.92	21.97	21.76
Aug	21.72	21.85	21.80	21.72
Sep	21.70	21.80	21.84	21.70
Oct	21.80	21.95	21.80	21.80
Dec	21.77	21.90	21.90	21.77
Jan	21.40	21.82	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	163.3	165.9	166.3	163.2
Mar	168.4	170.9	171.5	168.3
May	172.3	175.2	175.9	172.2
Jul	176.4	179.4	180.2	176.3
Aug	177.8	181.0	181.5	177.8
Sep	177.5	180.7	181.5	177.5
Oct	178.5	178.8	180.0	178.5
Dec	181.0	182.7	183.5	181.0
Jan	178.5	180.7	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	251/2	252/2	253/0	251/0
Mar	233/0	235/0	235/0	232/6
May	240/6	242/6	242/4	240/4
Jul	247/6	249/2	249/2	247/4
Sep	249/2	250/6	251/4	249/2
Mar	258/0	258/2	259/0	258/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	262/2	266/0	266/4	261/4
May	269/4	273/0	273/4	269/0
Jul	274/2	277/0	277/4	273/0
Sep	280/2	283/2	283/2	280/2
Dec	294/0	294/4	295/4	294/2
Mar	299/0	0	300/0	299/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	77.25	77.57	77.70	77.20
Apr	76.60	76.90	76.97	76.47
Jun	74.80	74.95	75.05	74.72
Aug	73.10	73.30	73.37	73.10
Oct	73.00	73.00	73.30	73.00
Dec	73.80	74.00	74.00	73.80
Feb	73.80	74.00	0	73.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	48.82	48.72	49.17	48.75
Apr	47.20	47.40	47.67	47.15
Jun	51.72	51.95	52.15	51.60
Jul	51.77	52.00	52.10	51.72
Aug	50.07	50.22	50.35	50.00
Oct	44.87	44.80	44.90	44.67
Dec	45.42	45.42	0	0
Feb	0	0	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	62.87	64.80	64.95	62.85
Mar	62.62	64.40	64.55	62.50
May	63.35	65.15	65.25	63.15
Jul	63.12	64.60	64.95	63.00
Aug	60.97	62.75	62.80	60.95

LONDON STOCK EXCHANGE

Shares improve in sluggish trading

A SLUGGISH return from the Christmas break by London equity traders was further restrained yesterday by problems in the New York market which left London without a lead in the latter half of the session. Trading volumes in London were extremely thin and investment sentiment remained cautious towards developments in the Gulf and in the Soviet Union.

UK equities opened steadily on the back of a firm performance overnight on Wall Street. The market paused, reflecting the absence of genuine interest, but was then led higher by an advance in the FT-SE December futures contract. Traders warned that the activity in the futures was largely concerned with the expiry of the December contract on New Year's Eve.

Account Dealing Dates		
*First Dealings:		
Dec 10	Dec 31	Jan 14
Option Declarations:		
Dec 27	Jan 10	Jan 24
Last Dealings:		
Dec 28	Jan 11	Jan 25
Account Day:		
Jan 7	Jan 21	Feb 4

*New-time dealings may take place from 8.30 am two business days earlier.

Helped also by a firm pound, which gave some credibility to the market's hopes for reductions in UK base rates early in 1991, and by window-dressing operations by fund managers seeking to enhance portfolio valuations at the year-end, equities moved up 10 points on the FT-SE scale.

London was, in addition, looking for a continuation of Wall Street's strength into the new trading session. The substantial fall of 10.5 per cent in US durable goods orders in November was seen as strengthening the chances for further cuts in interest rates across the Atlantic.

However, hopes for the new Wall Street session were put on the sidelines by the problems in New York which kept the US markets off UK trading screens until barely thirty minutes before London abandoned its desultory trading and went home for the day.

Although the Dow Industrial Average, when it eventually reached London, was down by 1.73, the UK market managed to extend its gain in the final minutes of trading. The FT-SE Index ended with a net gain of 11.5 at 2,167.8.

Seaq-recorded volume came out higher than expected, at 177.4m shares, compared with 104.2m recorded in the short session of Christmas Eve. Traders expressed surprise at the size of yesterday's Seaq total. Much of the business was in the international stocks, where currency and Wall Street factors gave some cause for optimism.

ICI was still held back by last week's fine of Ecu17m for operating a cartel in soda ash in the European market, but other multinationals to move ahead included Glaxo, Reuters and SmithKline Beecham.

There was some support for both water and electricity shares, both being regarded as sound defensive sectors supported by good yield prospects as the UK economy moves into recession.

Building issues, which have suffered severely from the effects of high interest rates in the UK, also came in for some support yesterday as a few buyers looked around for new year bargains. The exception was RMC, the world's largest concrete manufacturer, which gave ground after admitting operating unlawful market sharing agreements.

Store shares, too, made an attempt to rally from recent losses as the market tried to assess the prospects for the Christmas sales season.

Both stockbrokers and the investment press were picking out their favoured stocks for the new year. Among those to benefit from such considerations were Trafalgar House and Cable and Wireless.

Traders, however, referred to an extremely quiet day, with turnover in many leading stocks hardly large enough to be taken seriously by analysts of the equity market.

FINANCIAL TIMES STOCK INDICES

	Dec 27	Dec 24	Dec 21	Dec 20	Dec 19	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	82.20	82.24	82.53	82.64	82.83	84.16	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.69	90.90	90.90	90.97	91.14	92.53	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1687.8	1678.9	1688.4	1687.2	1707.1	1896.2	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	149.9	151.3	149.5	145.2	137.2	314.9	378.5 (6/2)	136.2 (18/12)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2167.8	2156.3	2164.4	2158.8	2178.7	2398.8	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	948.51	958.19♦	955.33	944.03	968.28	-	1003.35 (6/12)	944.03 (20/12)	1003.35 (6/12/90)	944.03 (20/12/90)
Ord. Div. Yield	5.68	5.72	5.68	5.69	5.62	4.50				
Earning Yld %(full)	11.87	11.93	11.86	11.88	11.74	11.01				
P/E Ratio(Net)(☆)	10.18	10.12	10.18	10.17	10.28	10.99				
SEAQ Bargns 4.45pm	22,370	22,425	32,227	27,380	23,829	27,151				
Equity Turnover(£m)†	-	243.36	928.69	1226.23	953.78	793.69				
Equity Bargains†	-	21,921	34,926	27,705	23,640	27,692				
Shares Traded (ml)†	-	120.9	450.3	529.4	467.6	383.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 10.01 ♦ indicative.

Ordinary Share Index, Hourly changes — Day's High 1688.3 — Day's Low 1677.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1681.0	1678.7	1679.0	1681.1	1685.7	1686.8	1686.8	1686.9	1687.7

FT-SE, Hourly changes — Day's High 2167.8 — Day's Low 2155.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2159.4	2157.5	2158.0	2159.2	2164.7	2168.2	2166.3	2166.7	2167.3

FT-SE Eurotrack 100, hourly changes — Day's High 953.25 — Day's Low 946.01

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
953.23	953.05	952.17	950.34	951.32	949.69	946.68

GILT EDGED ACTIVITY

Indices*	Dec 24	Dec 21
Gilt Edged Bargains	32.1	67.3
5-Day average	72.0	83.1

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Reuters up on US contract

REUTERS was the best performer of the day among FT-SE 100 stocks with an advance of 22 to 685p. Light buying was triggered by news of a letter of intent agreed by the company with Chicago's main futures exchanges. It outlines the contract under which Globex, an electronic futures trading system developed by Reuters, will be implemented. The likely profitability of Globex, and the Dealing 2000 currencies equivalent, were behind the rise in Reuters' shares last summer to a record 1314p in July.

Analysts said the letter did not mean the project would generate revenues sooner, but the 20-year contract would last eight years more than the City had anticipated.

The letter should lead to a full agreement which would then have to be approved by the boards of the Chicago Mercantile Exchange and the Chicago Board of Trade.

Globex is expected to start working in the second quarter of 1991.

The possibilities of war in the Gulf added to the attractions of defensive stocks. Water companies continued their pre-Christmas form. They were joined by the newly privatised electricity companies, which had previously suffered as traders marked prices down in anticipation of selling by small investors.

The best performing water issue was Severn Trent, up 4 at 244p, while the Water Package added £37 at £2640. South Wales Electricity easily outperformed its brethren with an advance of 6 to 170p. Bid speculation was triggered earlier in the month by the appearance of Welsh Water as a 10 per cent stakeholder. The Electricity Package firmed £238 to £1483.

Several of the most widely held stocks benefited, said traders, from "window dressing" by institutions, especially in the US. This is when fund managers buy stock to force up the price and thus raise end-of-year portfolio valuations. Apart from Reuters, Hanson firmed 2 to 196p, Grand Metropolitan added 5 at 673p and Guinness rose 7 to 774p.

Glaxo continued to benefit from hopes for an anti-Aids drug under development. The possibilities for the new treatment have revived the fortunes of the shares, which had weakened steadily since their five-month high in mid-December. US buying helped the stock to improve 12 to 861p.

A cloud appeared over RMC following the group's admission that restrictive market sharing agreements at nine subsidiary companies had been discovered. Interest was thwarted awaiting further details – only 8,000 shares changed hands and the price eased 2 to 650p.

New year investment recommendations made for modest activity in selected stocks, ranging from Trafalgar House, the construction, property, hotel and shipping major, to De La Rue, the specialist printing group. Yield considerations – the stock is currently offering well over 12 per cent – also motivated demand for Trafalgar House, and the shares climbed 7 to 203p in turnover of 1.3m.

De La Rue, which many investors had considered a target for Maxwell Communication until the latter sold its 21 per cent shareholding a few months ago, gained 6 to 310p.

Johnson Matthey, the precious metals refiner, also responded to a favourable view on prospects for both the company and metal trends in the coming year. The shares put on 6 to 244p. ECC, the industrial materials group, continued to enjoy the potential benefits from the revised and more limited acquisition of Georgia Kaolin, adding 5 at 352p.

Cookson, the former FT-SE 100 index constituent regaining health after being forced to make sizeable disposals, including the 50 per cent stake in Tioxide, made further progress. The rise in the shares of 4 to 106p was helped by renewed talk of a potential predator building a stake, although trading volume yesterday was low. Market speculation centres on TI Group as the first choice for a predatory move.

Banking issues steadied after the setback of recent weeks, edging ahead by a penny or so in spite of continued concern that recessionary pressures on the UK corporate sector will be reflected in bank balance sheets in the new year. Traders commented, however, that share volume was too light yesterday to justify any assumption that confidence has returned to the sector.

The stock market's worries over the implications for bank loan books of their high exposure to the UK corporate sector was emphasised by comments from Sir Nicholas Goodison, former chairman of the International Stock Exchange and now chairman of TSB Group, which announces full year profits on January 10. He told an interviewer that the recession now tightening in the UK was worse than the 1980-81 economic downturn and would force the banks to sharply increase their reserves against bad and doubtful debts.

TSB eased to 137p and analysts across the range of the banking sector took Sir Nicholas's message to heart. City forecasts for profits from the banks, due to be announced next month, have been successively downgraded in the face of the flow of serious losses and sometimes disasters as UK corporate profits begin to show the effects of the prolonged period of high interest rates and the setbacks to consumer and industrial spending now becoming apparent.

Mersey Docks and Harbour showed signs of recovering from the delayed shock of Peel Holdings' disposal of its 10.82 per cent share stake, placed easily at 161p per share last Friday. After dropping 20 on Monday, Mersey shares yesterday rallied 4 to 169p.

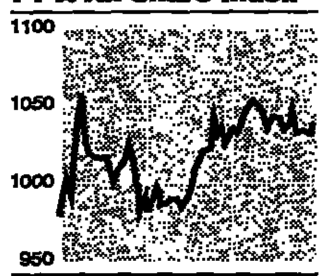
The two most notable defence stocks to move against the trend were British Aerospace and Rolls-Royce. Renewed concern over the Tornado fighter aircraft programme, which is expected to be run down sharply with engine production ceasing in 1992-93, seemed to affect both issues. BAe also experienced a hangover from Monday's speculative reports that it could be considering a counter-offer for Boeing's loss-making Canadian subsidiary De Havilland. BAe closed 3 off at 524p and Rolls-Royce 3 easier at 161p.

The seasonal arrival of shoppers at the winter sales brought with it a belated interest in the stores sector. Boots improved 5 to 324p, while Argos and Dixons each firmed 3 to 247p and 142p respectively. Kingfisher added 5 at 370p.

The price of crude oil drifted, as did oil shares. Leading energy issues closed unchanged apart from British Gas and Burmah, each down a penny to 233p and 509p respectively, and Lasmo, 3 off at 385p.

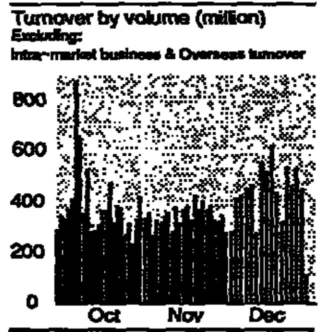
■ Other Market statistics, including the FT-Actuaries share index, Page 16

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (5).
ELECTRICALS (1) Borland Intl., TRUSTS (2) I & S Optimum Inc. Zero Div., TR Tech. Zero Pref., WATER (1) Thames, PLANTATIONS (1) Bertam.
NEW LOWS (37).
BANKS (3) Brown Shipley, Guinness Mahon, Wintrust, BUILDINGS (2) Ashtead, Tyrrill, STORES (2) Castle Mill, Ramar Texts., ELECTRICALS (5) Ferrari, Norsk Data A, Sherwood Computer, Sunleigh, TGI, ELECTRICITY (1) Southern Elect., ENGINEERING (3) Beauford, Brooke Tool, Kvaerner B, INDUSTRIALS (6) Chieftain, Daimler Benz, Goode Durrant, Handley-Walker, Harris (Ph), SEP Indl., INSURANCE (1) Skandia Group Insce., PAPERS (1) Shandwick, TRANSPORT (3) Dawsongroup, Eurotunnel Warrants, Vard A, TRUSTS (5) Aitken Hume, Centreway Trust, Guidehouse, Malaysia Select Fund, Oceana Cons., OILS (2) Oliver Res., Richmond Oil & Gas, MINES (2) Kenmare, Nor-Quest Res., THIRD MARKET (1) Ovoca Gold.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	2,100	113½	+5½	Dixons	894	142	+3	Marks & Spencer	500	222	+1	Smith & Nephew	2,100	104½	+½
ASDA Group	741	118	+1	ECC Group	502	352	+5	Maxwell Comms.	1,800	147½	−1½	SmKl Beecham	329	625	+5
Abbey National	712	231	+1	Eastern Elect.	6,200	138	+2½	Midland Bank	817	183	+3	SmKl Beecham Uts.	85	2759	−5
Allied-Lyons	1,300	478	+5	East Midland Elect.	4,700	147		Midlands Elect.	4,100	141	+1	Smiths Inds.	208	224	
Amstrad	127	63	−1	Enterprise Oil	59	610		NatWest Bank	1,200	288	+2	Southern Elect.	5,500	147	+1½
Anglian Water	150	273	+2	FKI	180	47		Next	814	18	+1	South Wales Elect.	1,000	170	+6
Argos	303	247	+3	Ferranti	488	14		North West Water	734	289	+3	South West Water	328	264	+2
Argyll Group	618	349	+1	Fisons	705	376	+1	Northern Elect.	2,300	148	+2	South West. Elect.	2,100	150	+4
Ass. Brit. Foods	106	421		Gen. Accident	221	486	+2	Northern Foods	179	336		Southern Water	108	245	+1
BAA	471	417	+3	General Elect.	1,600	175		Northumbrian Water	279	277	+2	Standard Chartd	88	259	+1
BAT Inds.	1,300	686	+3	Glaxo	752	861	+12	Norweb	3,100	148	+2	Storehouse	3,300	118	+2
BET	981	167	+1	Glynwed Int.	218	217	−1	Pearson	112	653		Sun Alliance	89	334	
BICC	414	333	−4	Granada	327	193	+8	P & O	253	536	+6	Sun Life	0	1110	
BOC	84	485	+4	Grand Met.	1,100	673	+5	Pilkington	3,100	182		T&N	26	162	
BPB Inds	13	184	+3	GUS A	29	1063	+8	Prudential	875	197	+1½	TI Group	415	408	−2
BTR	313	324		GRE	405	191		RHM	85	294	+4	TSB	915	137	−1
Bank of Scotland	475	116	+2	GKN	145	320		RMC	8	650	−2	Tarmac	639	247	+6
Barclays	863	381	+2	Guinness	325	774	+7	RTZ	435	452	+4	Tate & Lyle	210	275	
Bass	206	1059	+7	Hammerson 'A'	19	625	+1	Racal	1,700	176	−4	Taylor Woodrow	424	216	+6
Beazer	604	98	+4	Hanson	3,800	196	+2	Racal Telecom	294	258	−10	Tesco	744	231	+1
Berisford Int.	274	16	−1	Hanson Warrants	17	39½		Rank Org.	89	622	+4	Thames Water	66	273	+3
Blue Circle	1,400	220	+4	Harrisons Crosfield	122	135		Reckitt & Colman	37	1290	+2	Thorn EMI	80	671	
Boots	813	324	+5	Hawker Sidd.	74	437		Redland	81	501	+4	Trafalgar House	1,300	203	+7
Brit. Aerospace	130	524	−3	Hillsdown	1,800	249	−1	Reed Intl.	317	375		Trusthouse Forte	1,100	252	+6
British Airways	419	143	−1	IMI	226	204	+1	Reg. Elect. Pkg Uts	17	£1483	+23	Ultramar	142	325	+1
British Gas	1,700	233	−1	ICI	251	878	−1	Reuters	488	685	+22	Unigate	188	270	
British Land	11	277	+1	Inchcape	488	334		Rolls Royce	1,800	161	−3	Unilever	112	889	+4
BP	1,800	339		Kingfisher	221	370	+5	Rothmans	1	754	+5	United Biscuits	561	317	+2
British Steel	3,000	117½		Ladbroke	497	253	+7	Ryl Bk Scotland	730	160	+1	Utd. Newspapers	70	306	−2
British Telecom	833	294	+3	Land Securities	273	525		Royal Insurance	111	408	+1	Water Package Uts.	0	£2640	+37
Bunzl	45	68	−1	Laporte	32	489		STC	1	322		Wellcome	2,600	895	+5
Burmah Castrol	19	509	−1	Legal & General	181	369		Saatchi	215	33	+1	Welsh Water	7	275	+2
Burton	1,700	80	+1	Lloyds Abbey	36	331	−1	Sainsbury	199	307	+2	Wessex Water	692	260	+3
Cable & Wire	798	446	+2	Lloyds Bank	104	298	+3	Scottish & New.	134	363	+4	Whitbread 'A'	101	449	+2
Cadburys	817	322	−1	LASMO	397	385	−3	Sears	602	84	+2	Wiggins Teape	465	180	
Calor Group	73	243	−1	London Elect.	3,800	142	+1	Sedgwick	28	232	+1	Williams Hldgs.	79	230	
Carlton Comms.	189	391	+5	Lonrho	321	222	+2	Seeboard	3,000	141		Willis Corroon	364	270	+6
Coats Viyella	423	107		Lucas	434	141		Severn Trent Water	482	244	+4	Wimpey	42	208	+2
Comm. Union	166	470	−1	MB Caradon	470	165	−1	Shell Transport	1,100	467		Yorkshire Elect.	4,800	159	+1
Cookson	358	108	+4	MEPC	129	494		Siebe	307	332	+1	Yorkshire Water	309	289	+2
Courtaulds	551	338	+3	Manpower	545	88		Slough Ests	311	239	+4				
Dalgety	836	352	+1	Manweb	1,600	172		Smith (W.H.) A	180	378	+6				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

APPOINTMENTS

Royal Bank of Scotland restructure

■ THE ROYAL BANK OF SCOTLAND is making a number of appointments related to the introduction of its new structure.

Mr G.T. Whitehead will return to the UK from Rhode Island, where he is senior vice president and controller, Citizens Finance Group, to become deputy group finance director on April 15.

The following appointments are from February 1. Mr M.R. McLean, assistant director, group legal and administration, will become director, legal and regulatory affairs.

In the new corporate and institutional banking division Mr K.J. Duncombe will become director, corporate banking; Mr G.D. Craigen, director, international banking services; Mr J.M. Mather, director, treasury and capital markets; and Mr A.W. Moon, director, securities services.

The new branch banking division will have Mr R.M. McInnes as director, Scotland; Mr I.M. Sutherland, director, north of England; Mr A. Peers, director, south of England; and Mr C.G. Pearson, director, private and offshore banking.

In the operations division Mr T.M. Mosson becomes director, personnel; Mr E.T. Regan, director, property; and Mr J.S. Rafferty, director, payments systems. Mr N.M. Irvine will continue to be responsible for management services until his retirement next year.

■ Mr John Alcock has been appointed technical director of P&O SHIP MANAGEMENT, and a director of P&O Bulk Shipping from January 1. Mr Jack Evans, fleet director, will retain overall responsibility for the fleet management of P&O Bulk Shipping's ships including fleet personnel and technical matters. Mr Alcock joined P&O in 1968 and was appointed chief engineer in 1973. He has held various technical posts in P&O Bulk Shipping's London office since 1976, and has been general manager, P&O Ship Management, since 1988.

■ THE BRADSTOCK GROUP has made the following appointments: Mr David C. Weaver has been made an associate director at Bradstock Blunt & Thompson; Mr Richard H. Carson has been appointed a director of Bradstock Blunt (NI); and Mr Russell W. Hansey and Mr Martin P. Littlecott have been appointed associate directors of Bradstock Financial Services. All appointments take effect from January 1.

Mr Kevin Flanagan (*pictured*) has been appointed as general manager of human resources at BRISTOL & WEST BUILDING SOCIETY. He was group personnel and training director at Martin Retail Group.

■ Mr Michael Ann has been elected chairman of the SOUTH EAST ENGLAND TOURIST BOARD. He owns Drusilla's Park at Alfriston.

Mr John Sutherland (*pictured*), has been appointed assistant general manager, payment services, at NATIONWIDE ANGLIA BUILDING SOCIETY. Formerly controller of payment services, he joined Nationwide in 1988.

■ CATTLE'S (HOLDINGS) has appointed Mr Eddie Cran as deputy chief executive. He was managing director of Compass Credit. Mr Graham Dunn, who was recently appointed managing director of subsidiary Shopacheck Financial Services, will also join the main board.

■ Mr Bob Deacon has been appointed general manager of the NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY's life division. He was deputy general manager, and has been with the NFU Mutual and Avon Group since 1977 when he joined as company secretary.

■ Mr Clifford Evans has been appointed joint general manager of MOSCOW NARODNY BANK. Mr Evans, who was formerly with Citicorp, will take up this position on January 2.

■ Mr E.B.O. Sherlock will retire on June 30 1991 from his appointment as general manager of THE EQUITABLE LIFE ASSURANCE SOCIETY. He will continue as a non-executive director. Mr R.H. Ranson, currently deputy general manager, will on July 1 succeed him as general manager.

Dr John Watkinson (*pictured*) has become chairman of MULTISERV, the UK operating company of MultiServ International. The group is an environmental contract services company to the metallurgical industries.

■ Mr David Baker has been appointed as finance director of HADRIAN-SOLWAY. Since 1986 Mr Baker has worked for Wagon Finance, a subsidiary of MAI, firstly as finance director and latterly as managing director.

■ Mr Peter Canham, who has been chairman of EUROFI for the past 10 years, will step down on January 1. He will continue as a non-executive director. Mr Bernard Harris, deputy chairman and chief executive, will become chairman and chief executive at that time.

■ The Ares-Serono Group, Geneva, has appointed Mr Thomas G. Wiggans as managing director of SERONO LABORATORIES, Welwyn Garden City, from January 14. He is currently president of Ares-Serono's second largest subsidiary, Serono Laboratories Inc, based in Norwell, Massachussetts, US.

■ Mr Derek Bell, managing director of Guidehouse's wholly-owned subsidiary, Guidehouse Insurance Brokers, has been made an executive director of GUIDEHOUSE with responsibility for all the group's insurance activities which now form a single division. Mrs Diane Michaels has become a non-executive director. Mr Michael Jackson has resigned his non-executive directorship.

WHATMAN, manufacturer of high quality scientific papers, has appointed Mr Arthur Baker (*pictured*) to the main board. He is chief executive of Whatman Speciality Products, the company's largest division, based in the UK.

■ Following completion of the merger between Wiggins Teape Appleton and Arjomari, the following appointments have been made to the board of WIGGINS TEAPE APPLETON:

Mr A.W.P. "Cob" Stenham, non-executive chairman of Bankers Trust's operations in Europe, becomes non-executive chairman. Mr Stephen Walls remains chief executive and Mr Pierre Dufournier, président directeur général of Arjomari, becomes deputy chief executive.

Mr Philippe Beylier, directeur général adjoint of Arjomari, is appointed an executive director, and Mr Nicholas Clive Worms, senior partner of Worms et Compagnie, Mr Bernard Dumon, président directeur général of Saint Louis, and Mr Henry Wendt, chairman of SmithKline Beecham, become non-executive directors.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing. RPI for April 1990: 125.1 and for November 1990: 130.0.

1990 High	1990 Low	Stock	Price £	+ or -	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.33	9.33

LOANS

Building Societies

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
55	[illegible]	[illegible]	[illegible]	[illegible]	5.71	9.70

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or -	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
19¼	524p	Chem. Banking Corpn.	606	−4	$1.00	-	8.4
12½	5¾	Chrysler $6¼	7¼	−⅛	$1.20	-	8.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro FI5	£9½	–⅛	Q28%	2.1	8.8	5.3
303	133	ANZ $A1	199	+5	Q38c	♦	10.9	♦
234	172	Abbey National 10p	231	+1	5.7	4.3	3.3	9.4
*274	128	Allied Irish Ord	143	.....	†Q40%	3.3	6.3	6.5
85	47	Anglo Irish	57	.....	Q18.6%	2.3	7.3	7.5
93	61	Arbuthnot (H.) 1p	62	.....	2.5	1.3	5.4	17.8
£71½	£32½	Bancaire Cie Fr100	£48½	–½	[illegible]	–	2.7	–
£22½	£12½	Banco Bilbao Viz	£13½	+¼	Q49.1%	2.7	6.0	9.1
£58	£25	Banco de Santander	£25	.....	Q24.7%	2.5	4.0	10.0
286	130	Bank Ireland Ir£1	155	.....	Q14.7%	2.9	8.5	5.4
£19½	£16	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	116	+2	h4.55	3.4	5.2	7.4
101¼	83¼	Do. 9¼pc Irrd Pf	96½	.....	9¼%	–	12.8	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
438	290	Barclays £1	361	+2	h19.57	3.5	7.2	5.0
22	10	Benchmark 20p	11	–1	0.75	–	9.1	–
339	205	Brown Shipley £1	205	–5	†12.0	2.2	‡	6.6
*435	285	Cater Allen £1	389	+3	F24.5	–	8.4	–
179	29	Chancery	44	.....	‡9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£16	.....	Q18%	–	3.9	–
£13¼	620	Dai Ichi KBk Y50	735	–18	Q17%	6.2	0.5	34.7
[illegible]	[illegible]	Deutsche Bk DM50	£209¼	+¾	Q28%	–	2.2	–
£20	£14½	Espirito Santo	£17	.....	Q75c	5.1	2.2	8.7
253	166	First Nat. Fin. 10p	182	–1	13.0	2.1	9.5	6.3
121	82	FNFC 6.3pc Cv. Pf	95	+2	6.3%	–	8.8	–
£13¼	633	Fuji Bank Y50	990	+2	†Q17%	6.9	0.4	39.5
325	262	Gerrard & National	314	–1	19.0	–	8.1	–
154	76	Guinness Mahon 10p	77	–1	1.45	♦	2.5	♦
328	194	Hambros 20p	236	.....	†11.5	–	6.5	–
128	88	Do. 7.5pc Cv Pf	100	.....	7½%	–	10.0	–
53½	29	HK & Shang HK$2.50	31½	–½	†hQ38c	–	8.1	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	126	+1	10.25	–	10.8	–
423	262	Kleinwort Benson Grp	282	–2	16.0	2.5	7.6	6.7
642	316	Kyowa Bank Y50	432	+30	Q14%	♦	0.7	♦
316	220	Lloyds £1	298	+3	†13.3	2.6	6.0	7.0
56	44	Lon. Scot. Bank 10p	50	+1	†2.4	1.9	6.4	9.9
404	176	Midland £1	193	+3	†18.0	2.6	12.4	4.0
£14½	£10	Mitsubishi Bank Y50	£10	.....	†Q17%	♦	0.3	♦
£12½	£4½	Mitsubishi Tst & Bk Y50	£6	+¼	Q17%	12.4	0.6	13.1

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
225	155	Airflow Streamlines γ	140	.....	6.0	3.0	5.7	7.8
190	145	Bostrom 5p γ	147	.....	†5.75	3.1	5.2	6.7
266	160	Dowty 50p β	167	.....	†9.0	2.1	7.3	7.8
239	110	FR Group β	114	+1	6.37	3.1	7.5	5.8
135	55	Kwik-Fit Hldgs. 10p β	78	.....	†2.4	2.3	4.1	14.4
174	102	Lucas Inds. α	141	.....	7.0	2.5	6.6	6.9
44	14	Do. Warrants β	22½	.....	–	–	–	–
80	55	♦Mid-States 10p γ	55	.....	s20.75	–	1.8	46.1

Garages and Distributors

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	15	Alexanders 10p γ	15	.....	1.0	3.0	8.9	4.5
135	78	Appleyard 10p β	85	.....	†7.8	2.4	12.2	4.0
110	55	♦Bletchley Motor 20p γ	65	+5	†7.5	1.9	15.4	4.6
568	398	Caffyns 50p β	488xd	.....	11.5	1.0	3.8	(36.5)
121	91	♦Central Motor Auctns γ	91	.....	†3.25	3.2	4.8	8.7
61	23	♦Cook (D.C.) Hldgs. γ	23	.....	1.0	5.3	5.8	4.3
89	35	Cowie (T.) 5p β	47	–1	4.2	1.5	11.9	6.5
95	56	Dagenham Motors 10p γ	78	.....	†5.25	2.8	9.0	5.4
98	73	Davenport Vernon 10p γ	75	.....	3.5	3.6	6.2	5.2
247	163	Evans Halshaw β	168	.....	11.25	2.4	8.9	6.1
113	68	Gates (F.G.) β	75	–1	2.75	1.9	4.9	14.1
161	25	Gowrings 10p γ	93	.....	5.63	1.0	22.7	5.7
81	44	Jacks Wm. γ	44	.....	‡2.0	1.0	‡	21.6
118	46	Jessups γ	49	+2	7.0	1.0	19.0	7.1
297	162	Lex Service β	170	.....	15.3	1.9	12.0	6.0
147	50	Lookers γ	74	+1	6.2	3.9	11.2	3.0
43	21	♦Malaya Group 10p γ	25	.....	2.0	♦	10.7	♦
133	85	Pendragon γ	91	.....	21.8	–	2.6	9.9
178	99	Perry Group β	100	.....	9.0	1.4	12.0	7.4
133	51	Quicks Group 10p γ	58	.....	6.0	3.0	13.8	3.0
238	150	Sandown Nursery Elder γ	202	.....	–	–	–	(4.1)
26½	13½	Trimoco 10p β	14½	.....	1.4	2.4	12.9	4.2
£222	£120	Do. 11½pc Ln '96	£136	.....	Q11.5	–	8.8	–
86	68	Vardy (Reg) 10p γ	74	.....	3.6	3.4	6.5	8.2

NEWSPAPERS, PUBLISHERS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
93	31	Adscene γ	31	.....	4.0	1.2	17.2	6.7
273	183	BPP Hldgs 10p γ	288	+5	†5.25	2.6	3.4	15.3
190	125	Barbour Index γ	142	.....	6.0	2.2	5.6	10.7
520	385	Black (A. & C.) γ	518	.....	13.0	2.3	3.4	16.4
1020	600	Blenheim Group 5p γ	600xd	.....	20.0	♦	4.4	♦
375	217	Bristol Eve. Post γ	223	+1	11.5	1.6	7.0	12.2
£61	£35	Daily Mail 'A' 50p γ	£39	.....	†100.0	4.1	3.4	7.6
257	187	EMAP β	202xd	.....	†6.5	2.7	4.3	11.3
383	323	Euromoney Pubs. 1p γ	348xd	.....	18.5	♦	7.1	♦

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST—Contd

INVESTMENT TRUST—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
35	25	♦Ayer Hitam SM1	25	.....	♦Q51.3c	0.7	–
75	45	Bepeng Berhad M$0.50	45	.....	Q11c	2.6	4.6
67	27	Malaysia Mng. 10c	38	.....	Q7c	2.3	4.4
160	130	Petaling SM1	138	.....	Q180c	–	26.0
90	90	Tanjong Tin 15p	90	.....	–	–	–

Miscellaneous

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
190	80	Anglesey Mining 9p γ	80	.....	–	–	–
110	1¼	Do. Warrants γ	1¼	.....	–	–	–
17	4½	Anglo-Dominion	6¼	.....	–	–	–
37	12	Butte Mining 10p γ	12	–½	–	–	–
44	3½	♦Colby Mines	9	.....	–	–	–
122	23	Cons. Murch. 10c	26	.....	Q30c	5.5	29.2
26	3	♦DRX Inc.	3	.....	–	–	–
24½	6½	♦Ennex Int. Ir10p γ	9	.....	–	–	–
98	20	Europa Minerals 2p γ	24	.....	1.0	–	5.6
86	14	Geevor γ	17	.....	–	–	–
43	13	Greenwich Res. β	17	.....	–	–	–
£10½	£4¾	♦Hemlo Gold Mines	£4¾	–⅛	SQ20c	–	1.8
£14¾	£8¾	Homestake Mining $1	£9½	+¼	Q20c	–	1.1
49½	12	♦Kenmare γ	12	–1	–	–	–
20¼	7	♦New Sabina Res C$1	13	–5	–	–	–
457	55	Northgate Expl. C$1	63½	.....	–	–	–
39¾	2	♦Nor-Quest Res.	2¾	.....	♦	–	–
255	90	Oryx Gold Hldgs.	169	.....	–	–	–
93	42	Plateau Mining 20p γ	44	.....	–	–	–
605	392	RTZ 10p α	452	+4	†18.5	2.5	5.5
14	4½	♦Thorco Res. Inc.	6½	+1	–	–	–
18	5	Vizcaya Hldgs 5p γ	18	.....	–	–	–
178	133	♦Young Group 10p γ	133	.....	†7.8	2.7	7.8

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
30	5	Analysis Hldgs 20p γ	5	.....	–	–	–	–
53	28	Andaman Res. 10p γ	43	.....	–	–	–	–
20½	10½	Assemblies of Dist. 5p γ	12	.....	♦	–	–	–
1½	0¾	Barbican Hldgs. 1p γ	1	.....	–	–	–	♦
45	31	Biocure 1p γ	40	.....	–	–	–	–
18	6½	Burmin Exploration γ	7	.....	–	–	–	–
225	205	Cafe Inns £1	210	.....	0	–	–	13.2
22	10	Caldwell Inns. 10p γ	10	.....	–	–	–	–
		For Caspen Oil see OIL AND GAS						
25	16	Celtic Gold γ	17	.....	–	–	–	–
95	36	Chelsea Artisans 5p γ	36	.....	–	–	–	–
24	6	ChemEx Intl γ	15	.....	–	–	–	–
215	75	Citydeal Storage Serv.	75	.....	–	–	–	–
23	10¼	Dana Corp.	15¼	+¼	–	–	–	–
22	9	Edencorp Leisure 5p	12½	.....	a0.38	5.1	4.2	4.9
65	28	Eglinton Expln. Ir50p γ	28	.....	–	–	–	–
16	2	Do. Wrrnts γ	2	.....	–	–	–	–
18	5	Far East Res. 10p	6	.....	–	–	–	–
125	90	Fast Forward Inns.	90	.....	–	–	–	–
45	4½	Feltrim Mln. Ir0.20	5½	.....	–	–	–	–
55	23	Glencar Expln. γ	26	.....	–	–	–	–
60	20	Hartley Baird 5p γ	20	.....	0.75	5.9	5.0	3.9
		For Hiclare see ELECTRICALS						
43	24	Image Store Hldgs. 10p γ	24	.....	–	–	–	–
62	22	Inernia West γ	41	.....	–	–	–	–
97	46	Kells Mins. Ir5p γ	46	–2	–	–	–	–
*33	6	Kemp (P.E.) 5p γ	6	.....	–	–	–	–
6¼	3½	Moray Firth 1p γ	3½	.....	–	–	–	–
45	19	Navan Resources γ	19	.....	–	–	–	–
57	18	Ovoca Gold IR 2p γ	18	–2	–	–	–	–
72	15	Oxford Virology 5p γ	15	.....	–	–	–	–
83	61	Poddington 5p	77xd	.....	–	–	–	–
118	65	Ramsden's (Harry) γ	80	.....	4.5	♦	7.8	♦
38	5	Sempernova γ	6	.....	–	–	–	1.3
		For Sleepy Kids see LEISURE						
3½	1¼	Systems Connections γ	1¼	.....	–	–	–	–
		For Tomorrows Leisure see LEISURE						
55	27	UPL Group 10p γ	32	.....	–	–	–	–
89	8	Video Magic Leis. 1p γ	8	.....	–	–	–	–
6¼	1¼	Vista Ents 5p γ	1¼	.....	–	–	–	–
5½	1¼	Wilton Group 1p γ	1¼	+¼	–	–	–	5.9

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1 γ	700	.....
Finlay Pkg. 5p γ	38	.....
Holt (Jos) 25p γ	1305	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£98¼	.....
9pc Cap Ln. 1996	£95	.....
Fin. 13% 97/02	£110¼	.....
Arnotts	160	.....
Carrol (P.J.)	154	.....
Helton Hldgs. γ	40	–3
IRG	135	.....
United Drug	138	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp.	28
BTR	25
Barclays	38
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons.	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met.	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd.	35
ICI	70
Ladbroke	22
Legal & Gen.	32
Lex Service	17
Lloyds Bank	24
Lucas Inds.	11
Marks & Spencer	19
Midland Bk.	16
Nat West Bk.	21
P & O Dfd.	44
Racal Elect.	16
RHM	23
Rank Org Ord.	52
Reed Intnl.	32
STC	19
Sears	7½
SmK/. Beecham A	41
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs.	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm.	3½
Brit. Petroleum	27
Burmah Castrol	46
Conroy Petlm.	15
Gaelic Res.	1½
Premier	7
Shell	37
Tuskar Res.	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	41.84	42.29	44.98	+0.02	6.09
Gilts & Fixed Int	6	109.0	109.0xd	115.6	-0.2	9.98
High Inc Equity	6	117.7	121.1	128.8	+0.2	4.93
Worldwide Bond	6	192.2	192.2xd	203.7	-0.4	7.36
Capital Growth						
American Growth	6	157.5	157.5	168.4	-0.2	1.14
Asian Pacific	6	97.99	99.93	106.3	-0.8	0.19
Assets & Earnings	6	144.1	147.8xd	157.2	+0.2	3.45
Capital Reserve Acc	0	99.43	99.43	99.55	-0.13	7.17
Capital Reserve Inc	0	83.57	83.57	83.67	-0.11	7.17
Comdty & Energy	6	71.68	71.68	76.66	+0.02	1.79
1992 Enterprise	6	54.53	55.94	59.51	-0.08	3.58
Euro Capital Acc	6	82.32	82.32	88.04	-0.15	1.36
Euro Capital Inc	6	79.04	79.04	84.53	-0.15	1.36
General	6	149.2	149.2	159.5	+0.1	3.13
Japan	6	82.16	82.16	87.87	-1.74	0.00
Mastertrust	6	76.34	76.34	81.64	-0.33	3.15
UK Growth Acc	6	133.2	133.2	142.4	+0.1	3.09
UK Growth Dist	6	86.15	86.15	92.13	+0.08	3.09
US Emerging Cos	6	44.50	44.50	47.59	-0.09	0.00
Income & Growth	6	262.6	262.6xd	280.08	+0.3	3.65
Ethical	6	41.00	42.23	44.92	+0.00	2.23
International	6	51.21	51.21	54.77	-0.31	0.91
Dividend & Growth	6	42.10	43.21	45.96	+0.08	4.90
Global Grth & Sec	6	47.56	47.93	50.98	-0.09	1.96

Abtrust Management Ltd (1200)H

[illegible]

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-4)	6	58.52	59.11	63.22	+0.71	3.91
UK High Income	6	30.67	30.98	33.15	+0.31	6.10

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	110 27	111 02	118.1	(z)	0 74
Do Accum	6	120 54	121.36	129 1	(z)	0 74
TSB Brit Growth	6	63 9	64 87	69 01	(z)	3 96
Do Accum	6	70 65	71 73	76 3	(z)	3 96
TSB European	6	64 86	65 21	69 37	(z)	1 26
Do Accum	6	67 22	67 58	71 89	(z)	1 26
TSB Extra Income	6	134 77	143.06	152 19	(z)	6 16
Do Accum	6	197 67	202 33	215 24	(z)	6.16
TSB Smaller Cos	6	37.85	39.55	42 07	(z)	3 29
Do Accum	6	39.68	41 47	44.11	(z)	3 29
TSB General	6	196 21	196 21	208.73	(z)	4 35
Do Accum	6	359 7	359 7	382 65	(z)	4 35
TSB Premier Income	5	41 48	42.13	43 88	(z)	9 49
Do Accum	5	72 94	74 08	77 16	(z)	9 49
TSB Income	6	258 13	263 68	280 51	(z)	5 83
Do Accum	6	479 88	490 21	521 49	(z)	5.83
TSB Pacific	6	192.58	196 18	209 7	(z)	0.38
Do Accum	6	200 38	204.13	217 15	(z)	0 38
TSB International	6	329 47	329 47	350 5	(z)	1.45
Do Accum	6	422.6	422 6	449 57	(z)	1 45
TSB Nat Resources	6	55 39	55 39	58 92	(z)	1 36
Do Accum	6	60 08	60 08	63 91	(z)	1 36
TSB Sictd Opps	6	68.3	70 04	74 5	(z)	3 94
Do Accum	6	81 51	83.59	88 92	(z)	3 94
Environmental Inv	6	40 31	40 84	43.44	(z)	2 54
Do Accum	6	41 02	41 77	44.43	(z)	2 54
TSB Selector	6	41 65	42.41	45 11	(z)	4 64
Do Accum	6	42.92	43.7	46 48	(z)	4.64
TSB High Income	6	43.78	44.39	47.22	(z)	6 67
Do Accum	6	45 08	45 71	48.62	(z)	6.67
TSB Intl Income	6	47 44	47.63	50 66	(z)	7 01
Do Accum	6	47.44	47 63	50 66	(z)	7 01
TSB Selector Income	6	44.76	45 29	48 18	(z)	6 85
Do Accum	6	44.76	45 29	48.18	(z)	6.85

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks
Admin. 0296 394000 Dealing. 0296 312156

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	97 9	97 9	-0 2	11 03
(Accum Units)	519 23	519 3	-0 7	11.03
NAACIF Dec 18	-	39 8		10 24

MIM Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	975 0	1053 0	..	-
Mngd Pens (Acc)	57 6	61.4	..	-

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Dec 11	111 9	119 9	--	3 20
UK Small Co † Dec 11	429 9	472 9	..	2 25
Fixed Interest † Dec 11	100 9	106 1	..	8.33
US Small Co Dec 11	104 7	112 0	--	0 00
Managed Dec 11	96 05	102.0	..	2.57
Intl Bond Dec 11	106 8	112.6	---	8.09
Japan Dec 11	63 04	67.20	..	1 01
European Dec 11	78.87	84.40	..	1.73
Nth American Dec 11	79 98	85.72	..	1 62

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Dec 28	41.2	42 8	+2.10	2.50
Euro Expt Dec 28	46.1	48 4	-0.90	2.96
Fixed Int Ex Dec 28	43 6	44 8	-0.40	11.50
Japan Expt Dec 28	38.3	40.2	-1.80	0.80
Managed Ex Dec 28	38.9	40 4	+0.40	3.01
SE Asia Expt Dec 28	56.6	59 4	+1.70	6.70
Sm Cos Expt Dec 28	28.4	29 8	+0 40	5 82
UK Eqty Ex Dec 28	36.5	38.3	+0.50	5 12

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Dec 5	592 63	634.6	---	5.78
Do Accum	659.2	705.8	..	5.78
Int Expt Dec 26	148.8	150.4	-0.7	3 03
UK Index Dec 10	999 0	1019		6 07
Do Accum	1056	1076	..	6 07
Convertible Dec 21	80 9	83.50		8.81

Allied Dunbar Assurance Plc – Contd.
Barlog Funds

	Bid Price
Pen Equ Cap	26.6
Pen Equ Acc	29.3
Pen Am Eq Cap	26 4
Pen Am Eq Acc	28 9
Pen Far East Cap	24 1
Pen Far East Acc	26 5
Pen Euro Cap	36.1
Pen Euro Acc	39.8

James Capel Funds

	Bid Price
Pen Equ Cap	25 4
Pen Equ Acc	27 9
Pen Am Eq Cap	24 9
Pen Am Eq Acc	27 4
Pen Far East Cap	24.9
Pen Far East Acc	27 3
Pen Euro Cap	30 2
Pen Euro Acc	33 2

Ambassador Life Assce. Co Ltd
80 Holdenhurst Rd, Bournemouth
Equity Fund Acc 150.2

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9

Avon Insurance Plc

City of Westminster Assurance (z)
PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU

Eagle Star Insur./Midland Assur.
60 St. Mary Axe, London EC3 071-929 1111

Economic Insurance Company Ltd
London Rd, Sittingbourne ME10 1PE 0795 424321

Guardian Royal Exchange – Contd.
GRE Linked Life Assurance Ltd

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 081-440 8210

Merchant Investors Assurance Co Ltd – Contd.
Tradlink Life Funds

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
M & G (Guernsey) Ltd				
Island Gold	1540 90	1660 5	-1.5	1 28
(Accum. Units)	2828 00	3008 5	-2 8	1 28
Merrill Lynch Guernsey				
Sterling NAV Dec 19		563.40		-
Portfolio NAV		59.37	-0 22	-
MIM Financial Mgmt Intl Ltd				
Mngd Currency (Stmgl)	£-	-		-
MIM Portfolio Selection Fund Ltd (Suspended)				
Commodity	£-	-		-
Far East Gwth	$-	-		-
Smaller Co's	£-	-		-
Special Sits	£-	-		-
Intl Bond	$-	-		-
American Fund	$-	-		-
American Smaller Cos	$-	-		-
Australian Fund	£-	-		-
British Fund	£-	-		-
European Fund	£-	-		-
Gold Fund	£-	-		-
Hong Kong Fund	£-	-		-
International Fund	£-	-		-
Japanese Fund	£-	-		-
Japan Smaller Cos	£-	-		-
Singapore & Malaysian	£-	-		-
Dollar Fixed Interest	$-	-		-
Sterling Fixed Int	£-	-		-
Deutschmark Currency	DM-	-		-
Dollar Currency	$-	-		-
Sterling Currency	£-	-		-
Yen Currency	Y-	-		-
Managed Currency	£-	-		-
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,700	2 727		-
New Generation Fd $	$21 64	21.87		-
Japan Index Alpha	Y7,634	7,748		-
Jap Sector Rotation	Y6,936	7,037		-
Jap Cap Grwth CB	[illegible]	[illegible]		-
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	131 0	131.4	-0 04	10 69
Managed Dollar	$14 13	14.17	+0.03	7 65
Sterling Deposit	100 0	100.0		10 37
Dollar Deposit	$10 00	10 00		-
DM Deposit	DM50 50	50 78	+0 07	6 17
SWFr Deposit	SFr50 00	50 00		-
J. Yen Deposit	Y5,049	5,068	+7	5 29
Saudi International (Guernsey) Ltd				
Intl Bond	$10 33	10 51		-
Intl Dollar	$10 30	10 31		-
Intl Equity	$10 54	10 90		-
Falcon High Income	$89 37	89 37		-
Sovereign Asset Management Limited				

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F PO Box 63, Bond Street, St Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1 117	1 117	1 185	[illegible]	10 03
Offshore High Yield	3½	£1 429	1 429	1 488	....	14.62
Global Equity Fund	5½	$13.10	13 10	14 01	-0 17	1 36
European Equity	5½	[illegible]	15 99	17 10	-	1.47
UK Growth (CI Fund)	5½	£4.106	4 106	4.391	[illegible]	3 75
Nth American Eqty	5½	$8.758	8 758	9.340	[illegible]	0.78
Far Eastern Eqty	5½	$8 782	8 782	9.393	[illegible]	1 78
Intnl. Bond Fund						
Sterling Managed	5½	£10 23	10.23	10.91	...	8 80
US Dollar Managed	5½	$13 54	13 54	14 44	-0 03	6.46
International Currency Fund						
Sterling Managed ♦	5½	£24 86	24.86	26 31	+0 05	-
US Dollar Managed ♦	5½	$28 97	28 97	30 66	+0.04	-
Sterling ♦ ♣	0	£23 76	23 76	23.76	+0 06	13 70
US Dollar ♦ ♣	0	$37 16	37 16	37 16	-0 04	6 79
Deutschmark ♦ ♣	0	DM58 21	58 21	58.21	+0.07	7.80
Japanese Yen ♦ ♣	0	Y4 732	4 732	4.732	+5	6.47
Swiss Franc ♦ ♣	0	SFr45 47	45 47	45 47	-0 05	7.13
Irish Punts ♦ ♣	0	IE21 55	21 55	21.55	+0.02	7.61
Lloyds Bank (CI) U/T Mgrs. PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst Gilt	2½	£9.295	9.313	9 557	[illegible]	11.72
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd PO Box 26, St Helier, Jersey 0534 37788						
Intl Currnt Portfolio	5	88.28	88.28	93 63	-0.07	0.00
Gilt	3	91 18	91 18	94 01	-0 2	12.76
MIM Britannia International (Jersey) Ltd PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt Ltd	5¼	[illegible]	0 1653	0.1743	[illegible]	9 47
Royal Trust Jsy Fd Mngt Ltd (1400)F PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	54 47	54 47d	56.90	-0 08	11.42
TSB Trust Funds (CI) PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	104 75	104.75	107.89	+0 11	13.50
Gilt & Fixed Interest	5	101 82	101.82	104 88	+0 09	11.63
Fixed Gilt & Gilt Lgd	5	44.42	44.42	47.17	....	6.15
International Bond	5	100.23	100.23	105.24	-0.07	7.52
UK Equity	5	81.74	81.74	88 36	+0.01	1.62
International Equity	5	84.17	84.17	90.10	-0.17	0.43
Far Eastern	5	74 72	74 72	79.76	+0.01	0 00
European	5	67 89	67 89	71.83	-	0.42
Pan American	5	83.14	83 14	88.29	-0.36	0.79
TSB Gilt Fund Ltd						
Quarterly Share	3	95 90	95 90	98 94	-0 04	11.12
Monthly Share	3	93 82	93 82	96.78	-0 04	11.37

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down against D-Mark

THE DOLLAR lost ground to the D-Mark but improved against the Japanese yen in thin technical year-end trading. A surprisingly large fall of 10.5 per cent in November US durable goods orders pushed the US currency lower, but dealers were generally content to adjust positions against a background of nervousness as the United Nations deadline for Iraqi withdrawal from Kuwait approaches.

An improvement of the US currency against the yen was largely technical, reflecting corporate demand for the dollar at the year-end.

Although the fall in US durable goods orders was the largest since record keeping began in 1958 the data only reinforced the belief that the US economy is moving into recession, and in the present trading conditions had a relatively small impact on the dollar or Eurodollar interest rates.

In an attempt to steady nervousness on the New York money market the Federal Reserve took the unusual step of injecting funds into the banking system about 90 minutes earlier than usual yesterday. This was after Federal funds touched a high of 100 per cent on Wednesday, as banks struggled to find money at the end of the regular two-week maintenance period. End of year pressure is expected to keep trading conditions tight, and the Fed's move was not seen as a change in policy, but as a signal that the target level for Federal funds remains at 7 per cent.

At the London close the dollar had fallen to DM1.5310 from DM1.5385; to FFr5.2050 from FFr5.2150; and to SFr1.3060 from SFr1.3125, but had improved to Y136.40 from Y135.95. On Bank of England figures the dollar's index declined to 62.2 from 62.3.

Sterling met with increased demand, but there were no new economic factors and analysts feared that the trend may be short lived if German interest continue to rise. They also warned that the pound is likely to suffer if the ruling Conservative Party's improvement in the opinion polls - since Mr John Major became UK prime minister - is reversed. Sterling gained ground against the dollar and members of the European Monetary System, but remained at the bottom of the EMS exchange rate mechanism, slightly lower than the French franc.

The pound rose 1.40 cents to $1.8890. It also climbed to DM2.8925 from DM2.8850; to Y257.75 from Y255.00; to FFr9.8325 from FFr9.7775; and to SFr2.4675 from SFr2.4600. Sterling 's index gained 0.3 to 93.0.

The French franc remained depressed, but was fixed unchanged against the D-Mark at DM3.3970 in Paris. Dealers said trading was too thin to draw conclusions about possible trends.

In Milan the Bank of Italy sold about Ecu10m as the D-Mark was fixed at L753.90, compared with L753.00 previously, in thin trading.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.594	-2.27	3.91	40
D-Mark	2.05586	2.04295	-0.63	2.19	41
Belgian Franc	42.4032	42.2130	-0.45	2.00	23
Dutch Guilder	2.31643	2.30748	-0.39	1.94	20
Irish Punt	0.767417	0.768009	0.08	1.47	-3
Italian Lira	1538.24	1540.05	0.12	1.43	-5
Danish Krone	7.84195	7.88301	0.52	1.02	-23
French Franc	6.89509	6.94057	0.66	0.88	-35
Sterling	0.696904	0.707669	1.54	0	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times. Rates are for Dec 21.

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

¹ Selling rate

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc	16	● Smith & Williamson Secs	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	● Hambros Bank	14	United Mizrahi Bank	14
Bank of Scotland	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Heritable & Gen Inv Bnk	14	Western Trust	14
Barclays Bank	14	● Hill Samuel	14	Westpac Bank Corp	14
Benchmark Bank	14	C. Hoare & Co	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	Hongkong & Shangh	14	Yorkshire Bank	14
● Brown Shipley	14	● Leopold Joseph & Sons	14		
CL Bank Nederland	14	Lloyds Bank	14		
● Charterhouse Bank	14	Meghraj Bank Ltd	14		
Citibank NA	14	McDonnell Douglas Bnk	14		
City Merchants Bank	14	Midland Bank	14		
Clydesdale Bank	14	Mount Banking	14		
Comm. Bk of London Plc	14	Nat Bk. of Kuwait	15		
Co-operative Bank	*14				

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MONEY MARKETS

London rates firmer

INTEREST RATES were firmer in London yesterday, with the short end of the market tight because of a large shortage of day-to-day credit. Three-month sterling interbank rose to 14-13$\frac{15}{16}$ per cent from 13$\frac{15}{16}$-13$\frac{13}{16}$, but prices of short sterling futures were firmer on Liffe in quiet technical trading ahead of the year-end.

March short sterling opened little changed at 87.52. This was the day's low, with the contract touching a peak of 87.63 and closing at 87.62 compared with 87.51 previously.

UK clearing bank base lending rate 14 per cent from October 8, 1990

On the cash market the Bank of England initially forecast a shortage of £1,850m, but revised this to £1,950m at noon and to £1,900m in the afternoon.

Total assistance of £1,631m was provided. An early round of help was offered and at that time the authorities bought £1,056m bills, including £120m outright by way of £38m bank bills in band 1 at 13⅞ per cent and £82m bank bills in band 2 at 13¾ per cent. Another £936m bills were purchased for resale to the market on January 14 at 13⅞-13$\frac{29}{32}$ per cent.

Before lunch another £395m bills were bought outright, via £8m bank bills in band 1 at 13⅞ per cent, £50m Treasury bills in band 2 at 13¾ per cent, and £337m bank bills in band 2 at 13⅞ per cent.

In the afternoon the Bank of England purchased £143m bills, through £28m bank bills in band 1 at 13⅞ per cent, £50m Treasury bills in band 2 at 13¾ per cent and £65m bank bills in band 2 at 13⅞ per cent. Late assistance of around £35m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £796m, with the unwinding of bill repurchase agreements absorbing £1,019m, a rise in the note circulation £160m, and bank balances below target £270m. These outweighed exchequer transactions adding £395m to liquidity.

In Frankfurt call money rose to 8.50 from 8.45 per cent as payment of pensions drained funds from the banking system. The Bundesbank also withdrew a net DM2.5bn when allocating funds at this week's securities repurchase agreement tender. The central bank accepted bids of DM6.0bn at a 27-day tender for securities repurchase funds, allocating most money at rates of 8.55-8.60 per cent. This compared with an expiring agreement of DM8.5bn.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.05	Three year	7.43
Broker loan rate	9	Two month	6.60	Four year	7.65
Fed funds	7⅛	Three month	6.66	Five year	7.73
Fed funds at intervention	8½	Six month	6.89	Seven year	8.02
		One year	6.93	10-year	8.09
		Two year	7.23	30-year	8.25

Dec 27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.45-8.55	9.00-9.15	9.00-9.15	9.05-9.20	9.10-9.25	8.50
Paris	9⅝-9¾	10-10⅛	-	10$\frac{1}{16}$-10$\frac{3}{16}$	-	9.25
Zurich	7⅞-8⅛	8½-8¾	-	8⅜-8⅝	-	-
Amsterdam	9.43-9.56	9.40-9.65	-	9.35-9.60	-	-
Tokyo	8⅛-8⅜	8⅛-8⅜	-	8¼-8⅝	-	-
Milan	12⅞-12½	14⅛-14⅝	-	13⅞-14½	-	-
Brussels	8.70	10$\frac{1}{16}$-10⅛	-	10$\frac{1}{16}$-10⅛	-	-
Dublin	10⅛-10½	-	-	-	-	-

LONDON MONEY RATES

Dec 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14½	14⅛	14	13$\frac{7}{16}$	12¾
Interbank Bid	13⅞	14⅛	14⅛	13⅞	13⅜	12⅛
Sterling CDs	-	-	14$\frac{1}{16}$	14	13⅜	12¾
Local Authority Deps.	14½	14½	14⅛	14	13$\frac{7}{16}$	12⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14⅛	14⅛	13⅞	13¾	-	-
Company Deposits	-	-	14$\frac{1}{16}$	14$\frac{1}{16}$	13½	12$\frac{13}{16}$
Finance House Deposits	-	-	14⅛	14	13⅜	12⅞
Treasury Bills (Buy)	-	-	13⅞	13$\frac{7}{16}$	-	-
Bank Bills (Buy)	-	-	13$\frac{15}{16}$	13$\frac{13}{16}$	12⅜	-
Fine Trade Bills (Buy)	-	-	14$\frac{5}{16}$	14$\frac{1}{16}$	13⅜	-
Dollar CDs	-	-	9.10	8.15	7.80	7.70
SDR Linked Dep. Offer	-	-	9⅛	9$\frac{1}{16}$	9	9
SDR Linked Dep. Bid	-	-	9⅛	8$\frac{15}{16}$	8⅞	8⅞
ECU Linked Dep. Offer	-	-	10$\frac{11}{16}$	10$\frac{9}{16}$	10⅛	10⅛
ECU Linked Dep. Bid	-	-	10$\frac{7}{16}$	10$\frac{5}{16}$	10⅛	10½

Treasury Bills (sell); one-month 13$\frac{23}{32}$ per cent; three months 13$\frac{19}{32}$ per cent; six months 12¾ per cent; Bank Bills (sell): one-month 13$\frac{25}{32}$ per cent; three months 13$\frac{11}{16}$ per cent; Treasury Bills: Average tender rate of discount 13.0845 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 1, 1990. Agreed rates for period Dec 26, 1990 to Jan 25, 1991, Scheme I: 14.59 p.c., Schemes II & III: 14.87 p.c. Reference rate for period Nov 30, 1990 to Nov 30, 1990, Scheme IV&V: 13.698 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1, 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

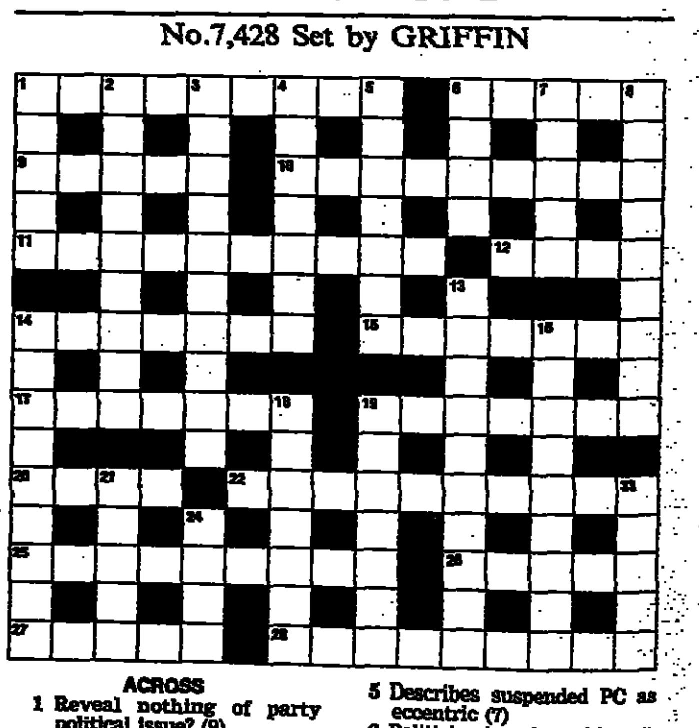
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,428 Set by GRIFFIN



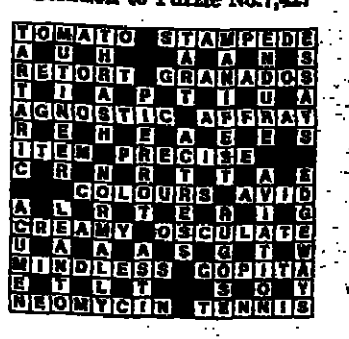
ACROSS

1 Reveal nothing of party political issue? (9)
6 With half hour to spend MPs meet here (5)
9 Huge mob gathered, just a street away at first (5)
10 Collection for present to politician (9)
11 Tearing lid off like a lemur, for instance (4-6)
12 Saw decapitated German (4)
14 Milliners want MP Roy cut short (7)
15 Twister made fuss after split (7)
17 Impoverished Communist you see speaking of journalist (7)
19 Pleasantly informal style we introduced (7)
20 Spot backward student among swimmers (4)
22 Survey of everyone up voting after midnight (6,4)
25 Politician ties Helen in knots (9)
26 Iron printing device (5)
27 Do try rum and pop first (5)
28 Southern artist is replacing scornful writers (9)

DOWN

1 Accountant leaves holiday island to become PM (5)
2 Famous man I turned in is named (9)
3 Seat on promenade where party leaders sit? (5,5)
4 Lies first spread by politicians (7)
5 Describes suspended PC as eccentric (7)
6 Politician heard speaking (4)
7 Heard you ring club about underwater vessel (1-4)
8 Funny yet gloomy study of words (9)
13 Environmentalist questions parliamentary policy statement (6,5)
14 Flog gymnastic equipment to political disciplinarian (9)
16 Thora sues poor writer (9)
18 Record books I'd write up from March 21 to April 19 (7)
19 Striking a stranger in some way (7)
21 Conservative leader moved nearer defeated person (5)
23 Girl said tea in this stays fresh (5)
24 Hand over money left in fur (4)

Solution to Puzzle No.7,427



WORLD STOCK MARKETS

AUSTRIA — December 27 — Sch — + or – [illegible]

BELGIUM/LUXEMBOURG — December 27 — Frs. — + or – [illegible]

DENMARK — December 27 — Kr — + or – [illegible]

FINLAND — December 27 — Mkk — + or – [illegible]

FRANCE — December 27 — Frs. — + or – [illegible]

FRANCE (continued) — December 27 — Frs. — + or – [illegible]

GERMANY — December 27 — Dm. — + or – [illegible]

GERMANY (continued) — December 27 — Dm. — + or – [illegible]

ITALY — December 27 — Lire — + or – [illegible]

ITALY (continued) — December 27 — Lire — + or – [illegible]

NETHERLANDS — December 27 — Fls. — + or – [illegible]

NORWAY — December 27 — Kroner — + or – [illegible]

SPAIN — December 27 — Pts. — + or – [illegible]

SWEDEN — December 27 — Kronor — + or – [illegible]

SWITZERLAND — December 27 — Frs. — + or – [illegible]

SOUTH AFRICA — December 27 — Rand — + or – [illegible]

JAPAN — December 27 — Yen — + or – [illegible]

AUSTRALIA (continued) — December 27 — Aust$ — + or – [illegible]

HONG KONG — December 27 — H.K.$ — + or – [illegible]

AUSTRALIA — December 27 — Aust$ — + or – [illegible]

MALAYSIA — December 27 — MYR — + or – [illegible]

SINGAPORE — December 27 — S$ — + or – [illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

Sales Stock High Low Close Chng

TORONTO
Closing prices December 24

Quotations in cents unless marked $. [illegible]

MONTREAL
Closing prices December 24

300	BombrdrB	$15⅝	15⅜	15⅜	
100	Cambior	$11⅞	11⅞	11⅞	+ ⅛
4200	Cascades	405	400	400	– 05
1000	DomTxtA	$05½	05½	05½	+ ⅛
86580	NatBk Cda	$07⅞	07⅞	07⅞	+ ⅛
200	Power Corp	$16⅛	16⅛	16⅛	– ⅛
2165	Provigo	$10⅜	10⅜	10⅜	

Total Sales 1,229,080 shares.

INDICES

NEW YORK

DOW JONES	Dec. 26	Dec. 24	Dec. 21	Dec. 20	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2637.13	2621.29	2633.66	2629.46	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.40	91.53	91.70	91.64	93.04 (3/1)	88.44 (24/9)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	922.23	920.91	923.91	915.67	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.33	210.70	211.39	209.88	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2653.96 (2638.12) Low 2613.37 (2609.25)

STANDARD AND POOR'S	Dec. 26	Dec. 24	Dec. 21	Dec. 20	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	330.85	329.90	331.75	330.12	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	387.09	385.94	387.93	386.00	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.88	23.78	23.95	23.95	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	180.60	180.01	180.87	180.32	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	304.99	304.59	306.20	306.49	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	372.40	372.41	373.60	372.29	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 21	Dec. 14	Dec. 7	year ago (approx.)
Dow Industrial Div. Yield	3.92	3.97	3.98	3.93

	Dec. 19	Dec. 12	Dec. 5	year ago (approx.)
S & P Industrial div. yield	3.32	3.31	3.31	2.90
S & P Indl. P/E ratio	15.88	15.89	15.89	14.51

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Philip Morris	951,500	51⅛	+ ¼
Toys R US	817,000	22⅝	- ½
Exxon	801,500	51¾	+ ½
Texaco	755,700	60½	+ 1¼
MCA	741,100	67⅞	+ ⅛
Citicorp	666,700	13¼	...
Am T & T	658,000	30¼	—
Mesa Ltd P'Ship	657,700	2⅝	- ⅛
Fannie Mae	617,800	35⅝	+ ⅝
Ford Motor	590,100	26⅝	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Dec. 26	Dec. 24	Dec. 21
New York	78.730	72.299	233.400
Amex	7.957	4.669	13.749
NASDAQ	72.374	44.211	147.608
Issues Traded	1,951	1,919	2,033
Rises	780	511	761
Falls	621	866	770
Unchanged	550	542	502
New Highs	10	7	29
New Lows	36	42	48

CANADA

TORONTO	Dec. 26	Dec. 24	Dec. 21	Dec. 20	1990 HIGH	1990 LOW
Metals & Minerals	(c)	2737.17	2747.22	2769.88	3453.05 (4/1)	2486.60 (8/11)
Composite	(c)	3239.50	3243.77	3255.43	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	(c)	1713.77	1720.44	1730.84	2060.90 (3/1)	1607.24 (16/10)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1280.7	(c)	1270.7	1272.2	1713.7 (12/1)	1270.7 (24/12)
All Mining (1/1/80)	586.7	(c)	583.4	582.0	860.8 (5/1)	578.5 (19/12)
AUSTRIA						
Credit Aktien (30/12/84)	443.87	(c)	(c)	444.95	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4934.35	(c)	4930.49	4951.58	6599.43 (12/1)	4930.49 (24/12)
DENMARK						
Copenhagen SE (3/1/83)	315.08	(c)	(c)	310.58	388.29 (20/7)	310.58 (21/12)
FINLAND						
Unitas General (1975)	396.6	(c)	(c)	396.2	677.3 (23/1)	395.4 (18/12)
FRANCE						
CAC General (31/12/82)	415.83	414.79	(c)	416.47	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1528.90	1536.89	(c)	1563.97	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	610.65	(c)	(c)	613.65	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1726.1	(c)	(c)	1735.8	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1410.87	(c)	(c)	1414.88	1968.55 (30/5)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3066.71	(c)	3060.95	3079.67	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	(c)	(c)	1203.43	1208.47	1893.10 (22/1)	1193.66 (5/12)
ITALY						
Banca Com. Ital. (1972)	519.24	(c)	(c)	515.29	763.52 (14/6)	500.67 (29/11)
JAPAN**						
Nikkei (16/5/49)	23940.70	23887.56	(c)	24119.60	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1740.55	1729.81	(c)	1764.82	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	2722.06	2718.07	(c)	2781.64	4477.16 (16/7)	2718.07 (26/12)
MALAYSIA						
KLSE Composite (4/4/86)	500.72	501.92	500.61	494.14	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	231.3	(c)	231.0	230.5	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	169.5	(c)	169.3	168.9	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	661.82	(c)	(c)	649.23	915.13 (2/8)	649.23 (21/12)
PHILIPPINES						
Manila Comp (2/1/85)	651.65	657.78	(c)	664.10	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	321.60	318.99	(c)	322.82	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1201.0§	(c)	(c)	1191.0	2230.0 (16/1)	1111.0 (18/12)
JSE Industrial (28/9/78)	3003.0§	(c)	(c)	3000.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA						
Korea Comp Ex. (4/1/80)	(c)	696.11	693.76	708.24	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	222.15	224.50	(c)	227.91	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	856.0	(c)	(c)	858.5	1329.9 (5/7)	815.6 (27/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	629.9	(c)	(c)	631.7	845.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	520.6	(c)	(c)	516.5	698.2 (13/7)	510.4 (26/11)
TAIWAN						
Weighted Price (30/6/66)	4530.16	4279.33	4093.61	3979.46	12495.34 (10/2)	2560.47 (1/10)
THAILAND**						
Bangkok SET (30/4/75)	603.81	600.88	587.85	611.63	1143.78 (25/7)	544.30 (30/11)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	459.4*	459.1	459.9	462.4	571.0 (4/1)	423.1 (28/9)

**December 25: Japan Nikkei 23767.88, Tokyo SE 1725.17, 2nd Section 2735.24; Thailand Bangkok SET 600.55
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all Indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday, December 27

	Stocks Traded	Closing Prices	Change on day
Nippon St	17.3	448	+10
Honshu Pap	8.7	1810	-30
Sum'to Metal	6.5	458	+6
NKK	6.2	401	+1
Hitachi	5.3	1120	+10
M'sui Shpbld	4.8	542	+12
Mitbshi Heavy	4.6	673	+3
Sum'mo Cement	4.5	622	+4
Tokyo Elect	4.0	3700	+80
Nihon Cement	3.7	1100	+60

3pm prices December 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
36⅞	9½	AAR	.48	4.7	9	1121	10⅜	10⅛	10¼	+ ⅛
9¼	7¾	ACM n	1.01	12.		112	8¼	8¼	8¼	
11⅜	8⅞	ACMIn	1.26	12.		440	10⅝	10½	10½	- ⅛
9¼	6½	ACM M	nt.01	13.		239	7⅞	7¾	7⅞	- ¼
12⅛	10	ACMMM	1.50	13.		61	12	11⅞	12	+ ⅛
11½	8⅝	ACM Sc	1.26	13.		544	10	9⅞	10	
9⅛	7¼	ACMSp	1.01	12.		667	8¼	8½	8¼	+ ¼
24⅝	17	AL Lab	.16	.7	20	256	24½	23¾	24⅜	+ ⅜
4⅛	1	AM Intl				606	1¼	1⅛	1¼	
18⅞	4⅛	AM In pf	2	28.		38	7⅜	7⅛	7¼	- ⅜
70¼	39¼	AMR			14	1138	48¾	48½	48½	- ⅜
26½	25	ANR pf	2.67	10.		2	26	26	26	+ ½
4	1⅛	ARX				101	1½	1⅜	1⅜	
72⅛	38¼	ASA	3	6.8		383	43½	43¼	43½	+ ¼
46⅛	31⅛	AbtLab	s.64	1.9	20	3169	44⅛	43½	43¾	
14	10½	Abitibi g	.50			10	10⅝	10½	10½	- ⅛
11⅜	4⅝	AcmeC	.40	8.4	11	304	4⅞	4⅝	4¾	
9⅛	5	AcmeE	.32	6.2	9	13	5¼	5	5⅛	+ ⅛
32⅛	18⅞	Acuson s			21	536	28½	26⅞	27	-1⅝
16⅞	14¼	AdaEx	1.72e	12.		108	14⅞	14¾	14¾	
16⅛	9¼	Adobe				34	9⅛	9¼	9⅛	- ⅛
21⅞	18¼	Adob pf	2.40	12.		2	18⅛	18⅞	18⅞	- ⅛
11⅞	3⅝	AMD				1987	6⅛	4¾	4⅞	- ¼
32⅞	13	AMD pf	3	16.		170	18⅝	18¼	18¼	- ⅝
7⅝	1½	Advest	.16	7.1		136	2⅜	2¼	2¼	- ⅛
66⅝	29	AetnLf	2.76	6.8	10	1251	40¾	40⅛	40⅜	- ¼
12¼	6¼	AflPb	.24	3.2		1661	8	7½	7½	- ¼
22⅛	10⅝	Ahmans	.88	6.6	6	2401	13⅞	13⅛	13⅝	- ⅛
3⅝	1⅞	Aileen			9	220	3⅝	3¼	3⅝	+ ¼
61	42⅞	AirPrd	1.44	2.6	14	984	57⅛	56	56¼	+ ⅞

[illegible]

Continued on Page 27

NYSE COMPOSITE PRICES

Continued from previous Page

– X – Y – Z –

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58⅞	29	Xerox	3	8.7	6	3146	34⅝	34⅛	34⅝	+ ⅛
48½	42½	Xerox pf4.13		9.3		4	44½	44½	44½	+ ⅛
32⅞	13	XTRA	.72	4.8		80	15¼	15	15	– ¼
25	12½	XTRA pf1.94		14.		78	14⅛	14⅛	14⅛	– ⅛
3⅝	5-16	Zapata				1722	7-16	⅜	7-16	+3-32
8½	3	Zemex				2	3½	3½	3½	
13⅝	4	ZenithE				736	6⅞	6⅝	6⅞	– ¼
18⅞	9⅞	ZenNI	1	7.7	9	305	13⅛	13	13	
7½	4⅞	Zenix	.93	21.		179	4⅝	4½	4½	
17⅛	9⅞	Zero	.40	3.5	12	202	11¼	11⅛	11⅛	– ⅛
51⅛	29⅝	Zurnln	.88	2.6	15	480	33⅞	33⅝	33⅞	
12⅞	10⅞	Zweig	1.18e	11.		128	11¼	11⅛	11⅛	
10	7⅞	ZweigTl	.84	9.8		734	8⅞	8⅝	8⅞	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months.plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices December 27

NASDAQ NATIONAL MARKET

3pm prices December 27

AMERICA

Opening delay exacerbates listless mood

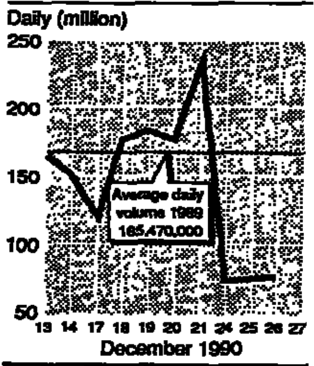
Wall Street

A 1½-hour delay in the opening of trading due to a fire in Lower Manhattan exaggerated the listless holiday mood yesterday, and shares ended the truncated morning session modestly higher, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was 4.95 higher at 2,642.08. As on Wednesday, much of the demand was concentrated in blue chips, with the wider and secondary indices lagging behind the Dow.

The broader based Standard & Poor's 500 index was up only 0.05 at 330.90 at 1 pm, while the Nasdaq composite of over-the-counter stocks was 0.21 higher at 372.61. Turnover was low because of the late start.

NYSE volume



The firm tone in share prices was due partly to the traditional late December buying by institutions rearranging their portfolios for the year-end, and partly to the continuing, if faint, hopes of a peaceful solution to the Gulf crisis.

Although Wednesday's report of a date having been agreed for a meeting between President Saddam Hussein and Mr James Baker, the US secretary of state, proved inaccurate, the market has drawn comfort from the fact that the two sides are still talking to each other at the highest diplomatic levels.

A drop in oil prices also helped the market's mood to brighten. At 1 pm the price of a barrel of oil for delivery in February was down 37 cents at $26.85.

Selected financial stocks went against the trend as sentiment continued to swing away from the troubled banking sector. The market is bracing itself for some very poor results when the big US commercial banks report earnings for the fourth quarter, which ends this week.

Citicorp, which last week shocked the market by announcing a 44 per cent cut in its 1991 dividend and 8,000 job losses, fell $¼ to $13¼. Chase Manhattan dropped $½ to $10½ in lively trade, J.P. Morgan shed $1¼ to $44¾, and BankAmerica fell $⅜ to $26⅞.

Insurance stocks, however, held up in spite of a call yesterday from the chairman of the Senate banking committee for a Treasury department investigation into the health of the US insurance industry.

Among leading insurance shares, Travelers Corp rose $⅛ to $16⅝, Cigna gained $⅛ to $41⅝ and AIG added $⅛ to $78¼.

Shares in Tiffany, the up-market jewellery retailer, fell sharply for the second day running because of slower-than-expected US Christmas sales. Tiffany dropped $1¼ to $35¼.

Canada

TORONTO STOCKS edged slightly lower in quiet, midday trade, as weaker oil and gold prices offset a firmer bond market. The composite index slipped 3.2 to 3,235.9 on volume of 10.8m shares. Declines led advances by 151 to 144.

Active traders included Canadian Pacific, which was unchanged at C$19¾, BCE Inc, steady at C$39⅝, Toronto-Dominion Bank, flat at C$17, Royal Bank of Canada, which fell C$⅛ to C$23⅞, and Nova Corp of Alberta, off C$⅛ at C$8⅝.

The delayed opening on Wall Street restricted early dealings, and many brokers and institutions were still on holiday.

ASIA PACIFIC

Profit-taking trims gains in spite of dealers' efforts

Tokyo

THE TRADITIONAL year-end enthusiasm was missing from Japanese equities yesterday and the Nikkei average managed only a modest rise on the day in spite of attempts by dealers to stimulate the market, *writes Emiko Terazono in Tokyo.*

Profit-taking eroded initial gains to leave the Nikkei up a net 53.14 at 23,940.70, after reaching a day's high of 24,263.63. It opened at 23,938.25 and soon hit a low for the day of 23,865.84.

Volume increased to 330m shares from Wednesday's 220m. Some investors were encouraged by the Soviet parliament's approval of President Mikhail Gorbachev's reforms. Traders also detected buying by some financial institutions which are launching new investment trust funds.

Gains outscored losses by 599 to 345, with 153 issues remaining unchanged. The Topix index of all first section stocks put on 10.74 to 1,740.55, and in London the ISE/Nikkei 50 index added 4.26 at 1,329.52.

Futures were helped by the recovery in the bond market, which inspired some dealer-led arbitrage buying. But cash prices receded later on squaring of positions. Mr Mitsuru Maekawa of Jardine Fleming Securities said traders had tried to keep the Nikkei above 24,000, but when a subsequent decline in futures started to depress the cash market, they had sold their positions.

Large-capital issues were heavily traded. Nippon Steel gained Y10 to Y448 and Sumitomo Metal added Y6 at Y456.

High-technology shares were weak on concern over heavy margin positions which have to be settled early next month. Sony fell Y100 to Y5,900 and TDK also Y100 to Y4,300.

Itoman, the troubled trading house with heavy exposure to the softening property market, moved ahead Y13 to Y444. The company has agreed to sell its 88.2 per cent stake in Itoman Total Housing Corp to real estate companies affiliated with Sumitomo Bank, which is helping Itoman in its restructuring efforts. Sumitomo Bank lost Y10 to Y1,970.

Hoya, a leading spectacles and contact lens maker, fell Y50 to Y1,950. The Ministry of Health and Welfare ordered the company to suspend lens production for 10 days from January 7 on allegations that it had used unauthorised substances in its manufacturing of soft contact lenses.

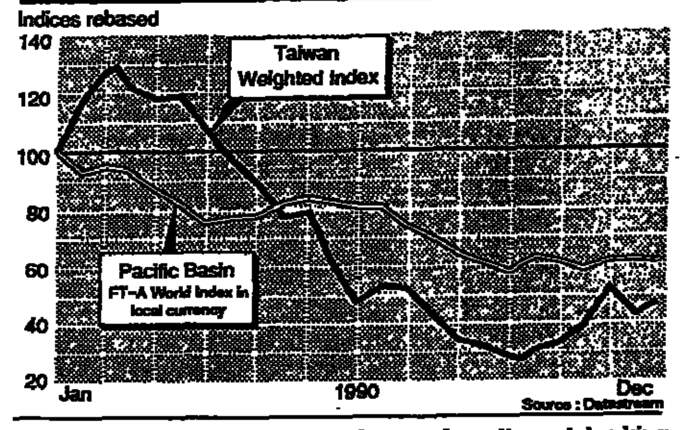
Nippon Telegraph and Telephone rose Y19,000 to Y999,000. The issue recovered the Y1m level at one stage for the first time in four trading days, supported by index-linked buying.

Sumitomo Electric Industries gained Y60 to Y1,380. Issues related to the information and communications fields have been popular recently on hopes of further deregulation of the Japanese telecoms market.

In Osaka, the OSE average ended 157.69 higher at 25,285.67, while volume remained low at 33m shares. Dai-Dan, a leading engineering company, climbed Y140 to Y3,290 in view of the brisk sales of its new "fuzzy" logic system designed for intelligent buildings. Nintendo, the game maker, weakened for the fifth consecutive session, losing Y200 to Y18,900.

Roundup

TRADING in the Pacific Rim region was dominated by year-end business yesterday.



TAIWAN surged 5.9 per cent in brisk activity on the last trading day of 1990. The market will re-open on January 3 after the new year holidays. Financial and cement shares led the advance. Volume expanded to T$50.91bn from T$33.54bn. Gains trounced losses by 215 to 1 as the weighted index rose 250.83 to 4,530.16.

AUSTRALIA edged higher in trading dominated by year-end and options-related business. A firmer Wall Street on Wednesday and Tokyo market yesterday also boosted sentiment.

Bargain hunting lifted the depressed media and banking sectors. Turnover increased to A$187m from A$142m and rises outnumbered falls by 91 to 45. The All Ordinaries index added 10 points at 1,280.7.

HONG KONG was mixed in the lightest full day trading for more than two years. Volume of HK$341m was up from the HK$271m of Monday's half-day session, but was well below last Friday's full day turnover of HK$553m.

Banks and the commercial and industrial issues ended lower, while utilities and property companies posted moderate gains. The Hang Seng index edged up 5.76 to 3,066.71.

SINGAPORE closed higher after thin trading which lacked domestic and foreign institutional activity. Turnover contracted to S$29.5m from S$38.5m. The Straits Times Industrial index rose 5.65 to 1,160.54. In KUALA LUMPUR the composite index eased 1.20 to 500.72 in turnover of 20m shares, against 22m previously.

MANILA declined in light trading, with the composite index losing 6.13 to 651.65. Turnover picked up to 141m pesos from Wednesday's 101m.

NEW ZEALAND was steady, with the Barclays index edging up 0.40 to 1,196.47. Turnover was thin after the Christmas break and before the market's three-day closure next week, reaching only NZ$5m after the previous Friday's NZ$15.6m.

SOUTH AFRICA

GOLD SHARES finished slightly higher in thin trading as the Johannesburg market returned from the Christmas holidays. The all-gold index rose 10 to 1,201, with Vaal Reefs up R3 at R202, while the overall index added 2 to 2,711.

EUROPE

End-of-year adjustments leave bourses narrowly mixed

THE APPROACH of 1991 preoccupied investors yesterday, as they attended to end-of-year portfolio adjustments. Volumes were mostly light, as many people extended their Christmas holidays, *writes Our Markets Staff.*

MILAN was slightly higher in thin trading dominated by professionals. The Comit index rose 3.95 to 519.24.

Trading resumed in Acqua Marcia, the diversified real estate and construction holding company, and its financial holding subsidiary, Bastogi. Both stocks were suspended on December 14, after rumours that Acqua Marcia would sell part of Bastogi pushed their prices sharply higher. On Saturday Acqua Marcia announced that it would sell stakes in Bastogi and another of its subsidiaries to the Cabassi group for L325bn.

Bastogi and Acqua Marcia each lost L29, to L290 and L341 respectively. Among the blue chips, Fiat added L78 to L5,490 and Generali firmed L490 to L29,090.

THE COMMISSION des Operations de Bourse (COB), the French stock market regulator, said yesterday that it would investigate a series of transactions that pushed the Paris market sharply lower on Wednesday, Reuter reports.

"The president of the COB has decided to open an investigation into the transactions that were made on the CAC 40 index and the market in options on this index on December 26," a spokeswoman for the COB said.

In the last few minutes of trading on Wednesday the CAC 40 index plunged 27.08 to 1,536.89 on options and futures-related selling. According to traders, some brokerage houses were selling shares late on Wednesday in order to push the CAC 40 index lower while simultaneously buying CAC 40 futures contracts.

ZURICH focused on Adia, the employment and services company, as most stocks edged higher in thin trading. Adia's bearer shares advanced SFr40 or 4.7 per cent to SFr890 and its non-voting participation certificates rose SFr2 to SFr79.

A Swiss financial magazine reported that Mr Werner Rey, chairman of Omni Holding which owns 42 per cent of Adia's voting capital, had said that he might reveal a foreign partner next month, but that he was not ready to sell unless offered the right price.

The Crédit Suisse index rose 1.6 to 463.7 in generally cautious trading, subdued by the continuing Gulf tensions and high domestic interest rates.

FRANKFURT eased in exceptionally thin trading on the penultimate trading day of the year. The DAX index dropped 4.01 from last Friday's close to 1,410.87 while the FAZ index fell 3.00 to 610.65. Turnover shrank to DM1.9bn from DM4.5bn.

There was light selling in the construction and retailing sectors, which had outperformed the market in recent weeks. Chemical shares were weak, with BASF losing DM1.90 to DM206 and Bayer falling DM2 to DM217.50.

Among blue chips, Deutsche Bank rose DM3.30 to DM606.80 and Siemens closed DM1 higher at DM593.

PARIS lost its early gains in another session influenced by arbitrage activity, finishing 0.5 per cent lower after Wednesday's 1.7 per cent decline. The CAC 40 index closed 7.99 lower at 1,528.90, after reaching a high of 1,555.48, in thin trading.

CMB Packaging slipped FFr1.20 to FFr97.80 after the previous day's news that the company expected to record a 10 per cent fall in 1990 net attributable profits.

AMSTERDAM closed the year's penultimate session a little lower in thin trading. The CBS Tendency index fell 0.2 to 93.8. The index's base date will be put forward by one year to end-1989 when trading resumes on Wednesday.

Among the few stocks that moved yesterday was Pakhoed, the transport and storage group, which closed Fl 3.40 up at Fl 198.50 after slipping from a day's high of Fl 199, although volume was light.

OSLO rose in a technical reaction to recent weakness, with the all-share index gaining 10.68 to 446.61 in active trading worth NKr744m.

STOCKHOLM fell in holiday trading. The Affärsvärlden General index eased 2.5 to 856.0 in light volume of SKr151m.

Among big price moves, Asea reflected the general market trend with an early fall of SKr20 to SKr470 before rebounding to close SKr10 lower at SKr480. Trelleborg, the metals conglomerate, was among the day's few winners, climbing SKr5 to SKr101.

MADRID slipped in a gloomy session, with the general index losing 2.64 points or 1.2 per cent to 222.15.

BRUSSELS was narrowly mixed in thin trading dominated by fund managers adjusting their portfolios before the end of the year. The cash market index added 3.86 to 4,984.35.

ISTANBUL's volatile week continued, as the bourse jumped 7.1 per cent in active trading. The 50-share index, which fell to an 11-month low on Tuesday, gained 208.9 to 3,160.72 in turnover of TL84bn, up from TL63bn.

US helps to cushion weak Europe

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	−4.98	−0.08	+1.94	−3.55	−8.48	+7.12
Belgium	−2.56	−2.93	−24.46	−25.32	−28.01	−15.73
Denmark	−5.25	−5.34	−14.71	−16.25	−20.01	−6.36
Finland	+0.61	+0.52	−30.88	−30.60	−34.92	−23.82
France	−4.04	−3.24	−23.61	−24.43	−28.05	−15.78
Germany	−5.83	−4.17	−14.15	−18.68	−22.96	−9.83
Ireland	−5.23	−0.06	−27.50	−28.19	−31.17	−19.43
Italy	−7.10	−0.92	−28.89	−29.44	−33.70	−22.39
Netherlands	+0.07	+0.63	−16.31	−17.51	−21.86	−8.53
Norway	−6.50	−6.24	−8.69	−11.60	−16.65	−2.43
Spain	−4.64	−1.65	−23.82	−23.76	−27.03	−14.59
Sweden	−4.18	+3.30	−22.42	−24.72	−30.38	−18.51
Switzerland	−1.87	+1.14	−20.49	−21.35	−20.82	−7.32
UK	−0.26	−0.35	−9.64	−12.12	−12.12	+2.86
EUROPE	−2.57	−1.40	−15.86	−17.94	−20.28	−6.69
Australia	−2.88	−6.40	−19.91	−20.50	−33.68	−22.37
Hong Kong	−1.38	+1.06	+3.85	+5.81	−9.26	+5.83
Japan	−1.68	+4.12	−38.46	−39.51	−45.14	−35.78
Malaysia	−1.70	+4.63	−9.72	−11.09	−24.24	−11.32
New Zealand	−0.05	−9.77	−38.54	−39.54	−49.03	−40.34
Singapore	−1.14	+2.86	−17.95	−18.09	−23.70	−10.69
Canada	+0.03	+3.63	−14.32	−14.87	−27.33	−14.94
USA	+1.53	+5.35	−3.97	−6.32	−19.97	−6.32
Mexico	−3.36	+3.80	+106.45	+96.23	+52.61	+78.63
South Africa	+1.24	+4.84	−11.53	−10.59	−20.37	−6.79
WORLD INDEX	−0.60	+3.02	−21.17	−22.77	−30.76	−18.95

† Based on December 21st 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd

By Jacqueline Moore

EUROPEAN STOCK markets finished the final week of trading before the Christmas break in poor shape, but a rise in the US helped the FT-Actuaries World Index end only slightly lower on the week.

In Europe, nine of the 14 countries included in the index fell by more than 4 per cent in local currency terms, with Italy the world's worst performer after a 7.1 per cent retreat. Overall, however, the Europe Index shed only 2.6 per cent, thanks mostly to a stable week in the UK.

Most bourses were nervous about the possibility of war in the Gulf, and remained cautious about corporate prospects. The resignation of Mr Eduard Shevardnadze, the Soviet foreign minister, gave them a nasty shock on the Thursday, sending most markets lower. "Dawning worries of chaos in the Soviet Union hit bourses hard, particularly Germany," says Mr Andrew Bell of Barclays de Zoete Wedd in London.

Germany dropped 2.6 per cent on Thursday and 5.8 per cent over the whole week in local currency terms. Italy's weak showing followed a fortnight of relative strength, during which the market had gained 10.5 per cent in local currency terms. Last week's fall represented a combination of worries about poor fundamentals and the unwinding of positions.

Not all European markets were losers last week, however. The Netherlands managed a small rise, mainly supported by Royal Dutch, says Mr Bell. The oil group saw its shares gain 2.7 per cent during the week, closing at Fl 131.70 last Friday.

The US, meanwhile, received an early boost last week from the Federal Reserve's cut in the discount rate of half a percentage point to 7 per cent, which produced a 1.3 per cent rise in the US stock market's local currency index on Tuesday.

Mr Shevardnadze's resignation prompted a sharp fall in early trading on Thursday, but the US market recovered its losses to end slightly higher.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY DECEMBER 26 1990								MONDAY DECEMBER 24 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (75)	117.67	+0.0	92.48	101.16	93.63	101.05	+0.0	7.88	117.62	93.00	101.08	94.08	101.05	158.31	117.52	158.33
Austria (19)	195.23	+0.9	153.43	167.84	155.35	154.25	+0.0	1.77	193.42	152.94	166.22	154.71	154.25	285.63	178.57	175.90
Belgium (60)	128.32	−0.5	100.84	110.30	102.10	100.94	+0.0	5.68	128.92	101.94	110.78	103.12	100.94	160.02	126.67	154.25
Canada (120)	129.09	+0.0	101.45	110.97	102.71	108.40	+0.0	3.68	129.05	102.04	110.89	103.21	108.40	153.61	121.24	151.04
Denmark (33)	227.24	+1.1	178.59	195.36	180.81	181.54	+0.0	1.65	224.71	177.68	193.11	179.73	181.54	277.62	224.71	239.60
Finland (25)	101.49	+0.0	79.76	87.25	80.78	78.48	+0.0	3.89	101.48	80.24	87.21	81.17	78.48	152.29	98.91	134.69
France (122)	129.49	−1.0	101.77	111.31	103.03	105.51	−1.4	3.94	130.80	103.43	112.40	104.62	107.00	168.85	124.98	155.27
Germany (91)	111.20	+0.5	87.39	95.61	88.48	88.48	+0.0	2.57	110.62	87.47	95.08	88.48	88.48	144.63	101.38	120.91
Hong Kong (48)	123.26	+0.0	96.87	105.97	98.09	123.51	+0.0	5.42	123.28	97.48	105.94	98.61	123.51	147.49	112.24	120.47
Ireland (16)	145.49	−0.2	114.34	125.07	115.76	118.78	+0.0	4.36	145.79	115.28	125.28	116.61	118.78	198.57	139.04	180.13
Italy (91)	76.46	+0.4	60.09	65.72	60.83	65.78	+0.0	3.74	76.16	60.22	65.44	60.91	65.78	109.26	75.73	97.80
Japan (453)	124.01	−1.8	97.46	106.61	98.69	106.61	−1.8	0.80	126.30	99.87	108.54	101.04	108.54	197.26	106.58	199.05
Malaysia (34)	208.63	−0.4	163.96	179.35	166.01	218.40	+0.1	3.10	209.43	165.60	179.97	167.51	218.22	250.89	182.96	228.60
Mexico (12)	586.79	+0.5	461.15	504.45	466.91	1879.14	−0.4	0.37	583.97	461.75	501.84	467.09	1886.06	613.96	324.53	322.75
Netherland (41)	131.82	+0.6	103.60	113.32	104.89	103.85	+0.0	5.18	131.10	103.66	112.66	104.87	103.85	149.03	127.58	143.48
New Zealand (15)	43.00	−0.1	33.79	36.97	34.21	38.96	+0.0	8.68	43.05	34.04	37.00	34.43	38.96	75.36	42.62	72.21
Norway (27)	193.86	+0.1	152.35	166.66	154.26	158.14	+0.0	1.95	193.70	153.16	166.46	154.93	158.14	276.79	193.70	194.59
Singapore (25)	159.66	+0.9	125.47	137.25	127.04	125.44	−1.3	3.52	158.27	125.14	136.01	126.59	127.09	209.24	147.24	179.35
South Africa (60)	181.92	+0.0	142.97	156.39	144.75	135.96	+0.0	4.00	181.92	143.85	156.34	145.51	135.96	251.39	151.50	196.30
Spain (41)	137.86	−0.5	108.35	118.52	109.70	101.78	−1.2	5.48	138.58	109.58	119.09	110.84	103.04	182.25	128.54	163.64
Sweden (27)	156.46	+0.4	122.96	134.51	124.50	132.53	+0.0	3.07	155.90	123.27	133.98	124.70	132.53	234.93	153.11	188.85
Switzerland (68)	87.42	+0.5	68.70	75.16	69.57	70.79	+0.0	2.96	87.00	68.79	74.77	69.60	70.79	109.77	85.00	93.61
United Kingdom (298)	162.66	+0.6	127.84	139.83	129.42	127.84	+0.0	5.47	161.67	127.84	138.92	129.30	127.84	176.18	139.87	158.13
USA (533)	133.67	+0.3	105.05	114.92	106.37	133.67	+0.3	3.73	133.31	105.41	114.56	106.63	133.31	148.95	119.06	141.22
Europe (959)	132.28	+0.3	103.96	113.72	105.26	104.97	−0.2	4.43	131.88	104.28	113.33	105.49	106.20	157.65	124.91	141.32
Nordic (112)	163.53	+0.6	128.52	140.59	130.12	129.23	+0.0	2.35	162.50	128.49	139.65	129.98	129.23	223.29	162.50	184.78
Pacific Basin (650)	123.44	−1.7	97.01	106.12	98.22	106.63	−1.7	1.22	125.54	99.27	107.89	100.42	108.43	192.75	107.82	194.28
Euro-Pacific (1609)	127.38	−0.8	100.10	109.49	101.35	106.71	−1.1	2.58	128.47	101.58	110.39	102.75	107.86	174.18	116.06	173.24
North America (653)	133.30	+0.3	104.76	114.61	106.08	132.00	+0.3	3.72	132.95	105.13	114.27	106.36	131.66	148.43	119.26	141.71
Europe Ex. UK (661)	113.70	+0.1	89.36	97.77	90.49	91.58	−0.4	3.64	113.63	89.85	97.67	90.91	91.93	145.62	109.94	129.78
Pacific Ex. Japan (197)	116.01	+0.1	91.17	99.75	92.32	103.43	−0.1	6.49	115.93	91.67	99.64	92.74	103.54	146.72	115.93	137.10
World Ex. US (1801)	128.23	−0.8	100.78	110.25	102.04	107.51	−1.0	2.63	129.27	102.22	111.10	103.40	108.59	173.77	117.12	172.78
World Ex. UK (2036)	125.81	−0.6	98.87	108.16	100.12	114.38	−0.6	2.71	126.51	100.03	108.72	101.20	115.10	162.00	115.37	160.70
World Ex. So. Af. (2274)	128.76	−0.4	101.19	110.70	102.46	115.57	−0.6	3.01	129.31	102.25	111.14	103.44	116.21	161.84	118.04	160.23
World Ex. Japan (1881)	132.99	+0.3	104.52	114.34	105.84	120.52	+0.1	4.10	132.64	104.88	114.00	106.11	120.45	151.59	124.31	142.14
The World Index (2334)	129.08	−0.4	101.44	110.97	102.72	115.71	−0.6	3.02	129.63	102.50	111.40	103.69	116.36	162.05	118.33	160.45

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Latest prices were unavailable for this edition. Markets open December 26: France, Japan, Malaysia, Singapore, Spain and USA.